1228. By Mr. GALLIVAN: Petition of M. Matuson, Roxbury, Mass., recommending early and favorable action on the Kelly-Stephens bill, which requires that all package merchandise or patent medicines shall be sold at not less than the stated price on the package; to the Committee on Interstate and Foreign Commerce.

1229. Also, petition of Washington Central Labor Union, Washington, D. C., recommending early and favorable consideration of the Fitzgerald-Jones workmen's accident compensation bill; to the Committee on the District of Columbia.

1230. Also, petition of New Century Club, Boston, Mass., protesting against Johnson immigration bill; to the Committee on Immigration and Naturalization.

1231. By Mr. HUDSON: Petition of the Detroit Conference of the Methodist Episcopal Church, opposing the weakening of the Volstead Act by any nullifying scheme of so-called light wines and beer; to the Committee on the Judiciary.

1232. By Mr. KING: Petition of Alfred Curtis Cady, of Kewanee, Ill., asking to have public debt paid rather than more money loaned to foreign countries; to the Committee on Ways and Means.

1233. Also, petition of the auxiliary of Shearer Post, No. 350, of Geneseo, Ill., American Legion, declaring themselves unequivocally in favor of the adjusted compensation bill; to the Committee on Ways and Means.

1234. By Mr. LEAVITT: Petition of the Glendive (Mont.) Chamber of Commerce, urging that the Sixty-eighth Congress pass no legislation touching the present railroad situation, and especially disapproving of any attempt to modify any existing provisions of the transportation act of 1920, which it is felt has not been in effect a sufficient length of time to give it a fair trial; to the Committee on Interstate and Foreign Commerce.

1235. Also, petition of I. M. Hobensack, of Lewistown, Mont., outlining the problems of the wheat farmer in Montana and other States of the Northwest; to the Committee on Agriculture.

1236. By Mr. O'CONNELL of Rhode Island: Petition of members of the Loggia Riunite del North End, No. 908, Order Sons of Italy, Providence, R. I., opposing the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1237. By Mr. ROUSE: Petition of citizens of Covington, Ky., requiring that all strictly military supplies be manufactured in the Government-owned navy yards and arsenals; to the Committee on Naval Affairs.

1238. By Mr. STRONG of Pennsylvania: Petition of citizens of Jefferson County, Pa., urging the removal or reduction of nuisance and war taxes; to the Committee on Ways and Means.

SENATE.

THURSDAY, *February 21, 1924.*

(Legislative day of Saturday, February 16, 1924.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the bill (S. 2189) to authorize the building of a bridge across the Peedee River in North Carolina, between Anson and Richmond Counties, near the town of Pee Dee, with amendments, in which it requested the concurrence of the Senate.

INTERIOR DEPARTMENT APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 5078) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1925, and for other purposes.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The principal legislative clerk called the roll, and the following Senators answered to their names:

Adams	Capper	Edwards	Harris
Ashurst	Caraway	Ernst	Harrison
Ball	Colt	Ferris	Heflin
Bayard	Copeland	Fess	Howell
Borah	Couzens	Fletcher	Johnson, Minn.
Brandegee	Cummins	Frazier	Jones, N. Mex.
Brookhart	Curtis	George	Jones, Wash.
Broussard	Dale	Gerry	Kendrick
Bruce	Dial	Glass	King
Bursum	Dill	Gooding	Ladd
Cameron	Edge	Hale	La Follette
Lenroot	Norris	Sheppard	Swanson
Lodge	Oddie	Shipstead	Trammell
McKinley	Overman	Shortridge	Wadsworth
McLean	Pepper	Simmons	Walsh, Mass.
McNary	Phipps	Smith	Warren
Mayfield	Pittman	Smoot	Weller
Moses	Ransdell	Spencer	Wheeler
Neely	Reed, Pa.	Stanley	Willis
Norbeck	Robinson	Stephens	

The PRESIDENT pro tempore. Seventy-nine Senators have answered to their names. There is a quorum present.

HOWARD UNIVERSITY.

Mr. CURTIS. Mr. President, unless the chairman of the subcommittee in charge of the bill desires to submit some remarks, I would like to occupy about two minutes on the question of the rule.

Mr. SMOOT. Mr. President, I understand that the Presiding Officer does not particularly care to rule upon the point of order made by the Senator from North Carolina [Mr. OVERMAN], but intends to submit it to the Senate for the Senate to vote upon it.

I recognize that there is a grave doubt about the rule. In fact, I might as well say now that I think the rule ought to be amended so that there will be no question about what it means; but that can not be done at this time.

Therefore, if there is no objection on the part of the Senator from North Carolina, I will ask that no ruling be made at this time, and that the bill go back to the committee with the understanding that I shall immediately report the bill back with that item omitted. Then, when we reach the consideration of the bill, after the committee amendments are disposed of, some member of the committee will report that amendment as coming from the committee, and we can get a direct vote upon it and thus not have a ruling or a vote of the Senate as to what the rule means.

Mr. ROBINSON. The point of order could be raised on the amendment when it is presented by a member of the committee?

Mr. SMOOT. No; I do not think so. I think that is quite clear, as it does not involve the question of new legislation.

Mr. MOSES. Does the Senator mean that when the amendment comes in in that way we will get a direct vote on the merits of the question?

Mr. SMOOT. Yes; on the merits of the question.

Mr. LENROOT. Mr. President, I suggest to the Senator from Utah that he will raise a new parliamentary question if that is done, and that is whether the rule can be avoided by the committee not reporting an amendment when it reports the bill, but afterwards reporting an amendment which it would be prohibited from reporting originally.

Mr. ROBINSON. That is the suggestion I rose to make.

Mr. SMOOT. We will discuss that question when we reach it. I think there is no doubt that under the rule it can be done, and the question might as well be settled at the same time when we are settling the question now before the Senate. I think it is of the utmost importance that the course I have proposed should be followed.

Mr. CURTIS. Mr. President, I did not intend to say anything with reference to the amendment, but I think one remark of the Senator from Utah makes it necessary for me to say a word or two on the rule.

The amendment to the rule in question was reported by me from the Committee on Rules, and I think it is as clear as day. When all appropriation bills were ordered sent to the Committee on Appropriations the rule was adopted with the view of preventing any kind of legislation, new or general, being reported by the committee as an amendment to an appropriation bill. The matter was fully discussed upon the floor, the provision was fully explained, and the reasons for incorporating it in the rule were given to the Senate at the time the amended rule was adopted.

There is no question that the rule means that no legislation, new or general, can be reported as an amendment to an appropriation bill by the Committee on Appropriations. I say this notwithstanding that I am for the amendment to the appropriation bill; but I would have to vote that the amendment is out of order because of the rule, which was so carefully considered by the entire membership of the Committee on Rules, reported back to the Senate, and discussed on the floor very fully, and every Senator who heard the discussion knew just what the rule meant.

Mr. MOSES. Let me ask the Senator a question. He is a great parliamentarian——

Mr. CURTIS. No; I am not a great parliamentarian, but I know what a thing means when I report it.

Mr. MOSES. Does the Senator think the circuitous method proposed by the Senator from Utah is going to cure the defect?

Mr. CURTIS. That question will have to be settled by the Chair.

Mr. SPENCER. Mr. President, undoubtedly there is a difference of opinion on this question. I do not agree with the Senator from Kansas. I think it is not new legislation and that the point of order is not well taken. The Chair has left it apparently to the Senate or desires to do so. In the interest of the future deliberations of the Committee on Appropriations, as well as the determination of the meaning of the rule, why should we not vote on it now and decide it one way or the other?

Mr. SMOOT. I think that point can be decided after the amendment is offered by a member of the Committee on Appropriations when the bill is in that stage before the Senate. Then we will ask the Chair to rule upon the point of order. I think it would be very much better to have it done in that way than to undertake to have a decision upon the question as it is presented to-day.

Mr. SPENCER. If the Senator will allow me to ask a question, is not the point of order which would come up under his plan different from the point of order which comes up now?

Mr. SMOOT. It is.

Mr. SPENCER. In any event, if the Senate sustains the point of order, the bill would go back to the committee, and the plan of the Senator from Utah is that it shall go back to the committee without the point of order being sustained. I think it would be helpful to have the point of order passed upon and obtain the judgment of the Senate in regard to it.

The PRESIDENT pro tempore. It will be passed upon unless the Senator from North Carolina withdraws it.

Mr. OVERMAN. I do not withdraw it at all, but I am willing to have the chairman of the committee take the bill back to the committee and eliminate the amendment. If he wants to take out the amendment by sending the bill back to the committee and reporting it without the amendment, that is all I want to have done. If any member of the committee then introduces the amendment, that is another question which will come up later.

The PRESIDENT pro tempore. The Chair, then, desires to make the following statement: The Senator from North Carolina [Mr. OVERMAN] has raised the point of order that this bill must be recommitted to the Committee on Appropriations because it contains the following proposed amendments in the items for Howard University:

> For additions to medical school buildings, $370,000;
> For equipment for additions to medical school buildings, $130,000.

It is urged that these amendments propose new legislation, and that therefore, under the amendment to Rule XVI, which was adopted March 6, 1922, the entire bill must be recommitted to the Committee on Appropriations. The point of order would not be good under paragraph 1 of Rule XVI prior to the change suggested, because, as the Chair understands the two proposed amendments, they are in pursuance of an estimate submitted in accordance with law.

The second paragraph of the rule does not apply because the proposed amendments are not moved by a standing or select committee of the Senate other than the Appropriations Committee. Obviously the proposed amendments do not fall within the scope of paragraphs 3 or 4 of the rule. Moreover, the point of order is against the bill as a whole and not against specified items in the bill.

The sole question presented by the point of order is, Do these amendments propose new legislation? If an act of appropriation is an act of legislation and the word "new" is to be given its broadest meaning, and if it be admitted, as the Chair thinks it must be, that there may be new legislation upon an old subject as well as upon a new subject, the result of an interpretation of the rule might be that the Committee on Appropriations would not be permitted to propose any amendment to an appropriation bill.

Under these circumstances, and as there are no precedents, the Chair is of the opinion that the Senate should first construe and apply the rule. The Chair therefore submits to the Senate the question, Shall the point of order be sustained? Upon that question those who are in favor of sustaining the point of order will vote "aye."

Mr. WALSH of Massachusetts. I ask for the yeas and nays.

Mr. LENROOT. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LENROOT. If the Chair submits the point of order to the Senate, is it not then debatable?

Mr. ASHURST. The question is debatable if it be submitted to the Senate.

Mr. LODGE. Certainly, it is debatable.

The PRESIDENT pro tempore. The Chair is of the opinion that it is subject to debate.

Mr. LENROOT. Mr. President, I desire to say merely a few words in that connection. Clearly there is but one question presented in this case, and that is, Is the proposed legislation new legislation? I merely want to take a moment in order to call the attention of the Senate to the precedents upon that subject. The question has been decided time and time again. On page 72 of the first volume of Gilfry's Precedents I find the following amendment was offered:

> For the construction of a general administration building at Fort Mason, San Francisco, Calif., to provide office accommodation for division headquarters, $200,000.
>
> Mr. DU PONT. I make the point of order that it is new legislation.
>
> The VICE PRESIDENT (Mr. SHERMAN). The point of order is sustained.

On page 77 I find this statement:

> The committee reported to insert on page 19, after line 3:
>
> "For the purchase of building and grounds, or of a site and the erection of a building thereon, in the city of Paris, France, for the use of the embassy and for the residence of the ambassador at that capital, and for furnishing the same and, if necessary, otherwise adapting it to the needs of the service, $400,000, or so much thereof as may be necessary.
>
> "Mr. Culberson raised a question of order that it was general legislation.
>
> "The VICE PRESIDENT (Mr. Fairbanks). The Chair is of opinion that the amendment does propose legislation in the nature of general legislation and that it is obnoxious to paragraph 3 of Rule XVI. Therefore the Chair sustains the point of order."

On June 2, 1914, Mr. Gallinger proposed this amendment for a navy yard at Portsmouth:

> Navy yard, Portsmouth, N. H.: New dry dock at the Portsmouth Navy Yard, of sufficient size to accommodate the largest battleships, * * * $200,000.
>
> Mr. THORNTON. I make the point of order on this amendment that it is new legislation.
>
> The VICE PRESIDENT (Mr. Marshall). The point of order is sustained.

Mr. President, if the pending amendment be not new legislation, then the Committee on Appropriations may propose an amendment to any appropriation bill providing for a mere gratuity to any individual and it would not be subject to a point of order under the rule. Can it be said that such amendment would not be new legislation?

So far as the question of being estimated for is concerned, Mr. President, surely it can not be said that the Budget has any authority under the law to send an estimate to the Congress of the United States for an appropriation that is not authorized by law. It does not seem to me it can be contended for here for a moment that the Budget should be given any such authority, and the rules of the Senate be relieved from it, because the Budget may have violated the law in sending estimates to Congress.

I am very much in favor of this proposed appropriation; I should vote for a suspension of the rules in this case or for the amendment in any proper way; but this question is so important that it ought not to be decided with reference to this particular appropriation, because if it be decided that this amendment is in order, the Senate will become constantly met with such appropriations, and the rule, so far as appropriations are concerned, so far as protecting the Treasury is concerned, will be a dead letter.

Mr. SMOOT. Mr. President——

Mr. SPENCER. Mr. President, may I ask the Senator from Wisconsin a question?

The PRESIDENT pro tempore. The Chair recognizes the Senator from Utah, who first rose.

Mr. SMOOT. I call attention to United States Statutes at Large, volume 30, page 624, where, among other things, it is provided that the trustees must accord to the Secretary of the Interior authority to visit and inspect the university and supervise the expenditures of appropriations, and also that:

> The president and directors shall report to the Secretary of the Interior * * * on the 1st of July of each year—

And so forth. Does not the Senator believe that that is legislation making that institution a quasi public institution, and does he not believe, therefore, that there has been legislation upon the question heretofore?

Mr. LENROOT. It might be a public institution in the sense that it is subject to public supervision—and in this particular case it is so subject because it was a condition to certain appropriations that were made and to which there is no objection—but surely it would not be said, for instance, that because we have the right to supervise some institution and because we are making some appropriations for it, therefore it would be lawful to entirely remodel the buildings of that institution and erect immense new ones?

Mr. SMOOT. We make appropriations every year for certain educational purposes, and in the very next appropriation bill that will come before the Senate I am quite sure there will be recommended by the committee an increase of an appropriation from $25,000 to $149,000. Does the Senator hold now that a point of order would lie against such an amendment?

Mr. LENROOT. That is a very good illustration.

Mr. GLASS. Mr. President——

Mr. LENROOT. I will ask the Senator to allow me to proceed for a moment. That is a very good illustration which the Senator presents. For instance, we have Government aid to certain colleges and institutions in the States which is limited by law to a certain amount——

Mr. SMOOT. That is not the appropriation to which I have reference.

Mr. LENROOT. And those institutions are required to make reports to the Federal Government. Certainly the Senator would not say because they are required to make reports to the Federal Government, inasmuch as we have made certain appropriations to aid them, that therefore they become quasi Federal institutions, which would warrant any appropriation, irrespective of previous authorization of law, that we might choose to make to them.

Mr. SMOOT. That is not answering my question. I will call attention to the item, and then the Senator will know to what I refer. The Government has been appropriating every year for, I presume, 10 years or more a certain amount of money for the investigation and prevention of venereal diseases. The House passed an appropriation this year of only $25,000 for that purpose; the Budget estimated $149,000 for it. If the Committee on Appropriations should increase the amount carried by the House provision from $25,000 to $149,000, does the Senator hold that a point of order would lie against it?

Mr. LENROOT. Not at all; that comes under an entirely different rule, as the Senator well knows; namely, that if the House enters upon the domain of a given subject which if it came in here independently would be out of order, the door has been opened by the House action, and then we may adopt any amendment that is germane to that item.

Mr. LODGE. It has been so ruled again and again.

Mr. LENROOT. That question has been before the Senate many times.

Mr. SMOOT. There is that difference, I will admit.

Mr. SPENCER. Mr. President, I wish to make an observation on what the Senator from Wisconsin has said, for I have the highest respect for his knowledge of parliamentary law. He indicates that the precedents in this case are many, and then he cites three. The first one has merely to do with the fact that the amendment was not reported by a standing committee, and has nothing to do with the point that it was new legislation. In the last precedent cited the point was decided upon the ground that the amendment was general legislation. No one contends that the amendment in the instance before us is general legislation. The second precedent had to do with a new building in the city of Paris.

Mr. LENROOT. Mr. President——

Mr. SPENCER. Then I beg the Senator's pardon, and I will yield to him.

Mr. LENROOT. I merely wish to correct the Senator; he did not quote me accurately; that is all.

Mr. SPENCER. Then, I beg the Senator's pardon, and I yield at once.

Mr. LENROOT. The Senator said that the first precedent I cited did not relate to new legislation, but the point was that the amendment had not been reported by a standing committee. I wish to read from Gilfry's Precedents: It says that an amendment was offered by Senator Works—

> For the construction of a general administration building at Fort Mason, San Francisco, Calif.——

Mr. SPENCER. From what page is the Senator reading?

Mr. LENROOT. From page 72.

> to provide office accommodation for division headquarters, $200,000.
>
> Mr. DU PONT. I make the point of order that it is new legislation.
>
> The VICE PRESIDENT (Mr. Sherman). The point of order is sustained.

Mr. SPENCER. The Senator from Wisconsin is quite right, and I apologize to him. Upon the same page is a precedent citing a point of order made by Senator du Pont, upon which the ruling was as I have indicated; but it was not the precedent which the Senator from Wisconsin cited, and I was in error.

Mr. President, the point in this case is: Is this amendment new legislation? On that question I wish to say merely a few words. This legislation has to do not with new matter, but for the purpose, as it reads, of making additions to medical school buildings, buildings which are now in existence, at least in part, by our appropriation. We are proposing to add to an existing building which we have helped to construct. How can that be regarded as new legislation?

Mr. LENROOT. Will the Senator yield at that point?

Mr. SPENCER. Certainly.

Mr. LENROOT. I should like to ask the Senator this question: We have public buildings in process of construction, for which we have appropriated certain amounts; does the Senator think that the Committee on Appropriations could bring in as a new amendment to a general appropriation bill an appropriation for an addition to an existing public building, there being no previous authorization for such addition?

Mr. SPENCER. I should certainly think it was not new legislation.

Mr. NEELY and Mr. MOSES addressed the Chair.

The PRESIDENT pro tempore. The Senator from West Virginia is recognized.

Mr. NEELY. Mr. President, I purpose to do two things rarely heard of in this Chamber. I purpose to talk to the point in issue and stop when I have reached it.

There is one question, and only one, before the Senate. It is that of applying a rule that is as plain as the English language can make it to facts about which there is no controversy or dispute.

The junior Senator from North Carolina [Mr. OVERMAN] makes the point of order that two items contained in an amendment to the pending appropriation bill constitute new legislation. The items in question, which appear at the bottom of page 102 of the bill, are as follows:

> For additions to medical school building, $370,000;
>
> For equipment for additions to medical school buildings, $130,000—

That these provisions do constitute legislation is admitted by all. But is the legislation new or old? If it is old, where is the prototype of which this is a copy? Let some one name the volume containing the old law and specify the page on which it may be found. No one attempts to furnish the requested information for the reason, as every Senator knows, that no such antecedent law exists. Since it is not only admitted, but self-evident, that the items against which the point of order has been made constitute legislation, and since it is conceded that there is no preexisting equivalent or similar law, it necessarily follows that so much of the amendment as proposes these items is new legislation.

All that remains to be done is to apply to the above-stated facts, the second paragraph of No. 16 of the Standing Rules of the Senate, which I quote from memory, verbatim, as follows:

> The Committee on Appropriations shall not report an appropriation bill containing amendments proposing new or general legislation, and if an appropriation bill is reported to the Senate containing amendments proposing new or general legislation a point of order may be made against the bill, and if the point is sustained the bill shall be recommitted to the Committee on Appropriations.

Manifestly, that part of the amendment which proposes these items of appropriation is in direct violation of the rule.

I am sincerely sorry that I am forced to this conclusion, for I should like to assist in sustaining these particular appropriations for Howard University. I voted for both of them, not only in the subcommittee but also in the full Committee on Appropriations. I shall gladly vote for both of them on this floor if afforded an opportunity to do so without violating the rules of the Senate.

It is the desire of all to make ample appropriations for this very efficient and deserving school for colored people, but at this moment respect for safe and orderly procedure by this body requires, and duty demands, that we comply with the Senate's regulations, observe the Senate's rules, and obey the Senate's laws. Therefore the point of order must be sustained.

The PRESIDENT pro tempore. The yeas and nays have been demanded upon this question. Is the demand seconded?

The yeas and nays were ordered.

Mr. WADSWORTH. Mr. President, may I have the attention of the Senator from Wisconsin [Mr. LENROOT], because the matter which is here brought up, and the decision here to

be made, will have a very far-reaching effect. I should like to ask the Senator his opinion on some matters which have gone before.

For example, in the annual Army appropriation bill of last year, following in part the recommendation of the Budget, the Committee on Appropriations inserted several items of appropriation for new construction at existing Army posts. I recollect some of them. I shall not recite them all. For example, we appropriated directly for the construction of four storage warehouses at Schofield Barracks, in the Island of Oahu, in the Hawaiian Islands. We authorized the construction of some new barrack buildings at Fort Benning, in Georgia. It is to be assumed, of course, that Schofield Barracks and Fort Benning exist as public institutions, as Army posts, as the result of prior legislation. Does the Senator contend that those items of appropriation last year were new legislation?

Mr. LENROOT. My reply would be that that would all depend. I should not be prepared to express an opinion upon it now; but with reference to these various department appropriations, we find most of our authority in the organic act creating the department. For instance, in the case of the Department of Agriculture there is no specific authority for one-tenth of the appropriations that we make; but we go back to the organic act and find the purpose and the power and the duties of the Secretary of Agriculture, and that forms the basis for the appropriation. To a certain extent the same is true of the War Department. As to the particular matters to which the Senator refers, I have not them sufficiently in mind to express an opinion.

Mr. WADSWORTH. Fully as much so, I should say.

Mr. LENROOT. Yes; I should think so.

Mr. WADSWORTH. I wanted that point cleared up.

Mr. NORRIS. Mr. President, before the Senator from New York sits down I should like to ask him a question.

Mr. WADSWORTH. May I interrupt just a moment? I noticed that the Senator from Wisconsin cited a point of order raised against the construction of a new building at Fort Mason, San Francisco. The point of order was sustained on the ground that that was new legislation, which, to me, was an extraordinary development. If that precedent is followed strictly, there can be no new construction in any established governmental institution except by unanimous consent.

Mr. LENROOT. Will the Senator permit me to ask him a question? Does not the Senator agree that authority for any appropriation must be found either in some express authorization of law or else some general authorization upon which the appropriation may rest?

Mr. WADSWORTH. Yes; I am of that opinion, and I am wondering where the difference is between the four storage warehouses in Hawaii and the division headquarters at Fort Mason.

Mr. NORRIS. That is the question I was going to ask the Senator.

Mr. WADSWORTH. I think they are both authorized. I think the ruling of some years ago was wrong.

Mr. NORRIS. Let me ask the Senator a question before he takes his seat. In the particular question that the Senator has propounded to the Senator from Wisconsin, he has not told us what the original authorization was in Hawaii. Was there an original authorization providing for the building of that fort? Was there not some general legislation behind it all upon which all these specific appropriations were afterwards based?

Mr. WADSWORTH. I can not answer authoritatively. I should have to look back through the bills for several years; but I have no doubt that at some time or other, years ago, the Congress authorized the establishment of an Army post in the Hawaiian Islands; and the establishment of a post necessarily must be followed by the construction of buildings from year to year.

Mr. NORRIS. Why, of course; and that is what I wanted to call the Senator's attention to. While I am not familiar with the particular case the Senator cites, I have no doubt that if he would trace it he would find that originally there was a law that authorized the establishment of that post; and there would be a difference, I think, between basing an appropriation on such a state of facts and basing it upon one where there was no original authority to provide for it.

Mr. WADSWORTH. I should not be disturbed about this thing, and I should agree with the Senator from Nebraska, had not the Senator from Wisconsin cited the Fort Mason building as one which, when appropriated for, was new legislation.

Mr. NORRIS. That was a fort already established by law, as I take it.

Mr. WADSWORTH. It was. That was by some authority of Congress.

Mr. DILL. Mr. President, I should like to ask the Senator from New York whether there are now medical buildings at this university?

Mr. SMOOT. There are.

Mr. WADSWORTH. I understand so. I am not familiar with this university.

Mr. LA FOLLETTE. Yes.

Mr. DILL. And does the Government support this school?

Mr. SMOOT. It has ever since 1879. It has not supported it entirely, but it has paid just a small portion of the expense.

Mr. DILL. This is simply an appropriation that originated in the committees, and was not estimated for?

Mr. SMOOT. It was estimated for by the Budget.

Mr. DILL. Then why can it not be put in like any other item?

Mr. SMOOT. Because, they say, it is new legislation.

Mr. NORRIS. May I ask the Senator from Utah a question? Is not this an agreed state of facts—that there is no authorization of law, and never has been any authorization of law, for the construction by the Government of Howard University? It seems to me there is a difference.

Mr. SMOOT. Mr. President, there is no organic act creating Howard University, but——

Mr. MOSES. Was it not chartered by Congress?

Mr. SMOOT. It was chartered.

Mr. NORRIS. Yes; but what difference does that make?

Mr. SMOOT. I do not think that makes any difference.

Mr. NORRIS. We have chartered the Rockefeller Institute; but, because we have done that, it does not follow that an appropriation to construct a building for them would not be subject to a point of order.

Mr. MOSES. Did we not immediately begin buildings for them?

Mr. GLASS. Mr. President, the Senator from Utah is perfectly well aware that this is not a Government institution, and that the Government has not a dollar of proprietary interest in it. Therefore the Budget has nothing to do with it. The Budget had no more right to estimate for this appropriation than it had to estimate for an appropriation for a private institution in the State of Virginia.

The fact that the managers of this institution are required to report to the Government as to the disposition and the manner of expenditure of gifts in the nature of money which Congress has bestowed upon it does not constitute it a Government institution. We appropriate money to the agricultural schools of the country and require them to give an account of how they expend it; but that does not make these schools Government institutions or Government property.

The fact that the Budget estimated this shows that the Budget went outside of its jurisdiction. It had nothing in the world to do with this appropriation.

Mr. SMOOT. I want to call the Senator's attention to the fact that the first reference in any statute to any specific land belonging to the Howard University is in the act of June 16, 1882, which refers to certain land bounded by Pomeroy Street, Four-and-a-half Street, College Street, and Sixth Street, then known as University Park and comprising about 11 acres.

By this act the university was authorized to convey the land referred to to the United States for a public park, and in consideration thereof all taxes, penalties, interests, and costs on real and personal property of the unversity due or to become due and unpaid at the date of the act were remitted.

Mr. NORRIS. Let me ask the Senator from Utah a further question. The conveyance by the university of certain lands for public park purposes does not include the lands on which the university buildings have been constructed, does it?

Mr. SMOOT. They are near them.

Mr. NORRIS. They are not the same lands, however?

Mr. SMOOT. No; they have other land.

Mr. NORRIS. This is not a new building or the improvement of a building on lands owned by the United States?

Mr. SMOOT. Oh, no.

Mr. NORRIS. Then what does that have to do with this case?

Mr. SMOOT. I will say to the Senator that this is only by way of recognition, and I called attention to another case of the kind yesterday in my speech. Howard University can be closed to-day if the Secretary of the Interior gives the order.

Mr. OVERMAN. I doubt that.

Mr. SMOOT. Howard University to-day has to make a report on the 1st day of July of every year to the Secretary of the Interior as to its activities, what they have cost, and what it is undertaking to do; and those yearly reports are made. I recognize that there is no act of Congress creating Howard University and providing for appropriations thereafter.

Mr. STANLEY. Mr. President, the Senator from New Hampshire [Mr. MOSES] makes the point that this is a public institution because of the fact that it was granted a charter by the Government. Any institution in the District of Columbia can under existing law be chartered by the Government. We can charter the Moose; a corporation to make Miss Pinkham's pink pills can be chartered if the corporation exists in the District of Columbia. Any institution in the United States can, if we are so disposed, be given a Federal charter, and that practice became so general that the Judiciary Committee established a rule not to charter institutions which are not of a Federal nature. That has no bearing whatever on this subject.

Mr. NORRIS. Mr. President, I know that when questions of order are submitted to the Senate very often many Senators, and I think sometimes almost all of them, vote upon the question of order according to their sentiments or belief regarding the merits of the question involved. It always seemed to me that the Senate should not do that; that it was a serious thing for the Senate to do; but I have seen that happen so often that I have reached the conclusion that that was probably the right course to pursue, because if you submitted to it when it went against you, and you are voted out, you really have nothing to do except follow the same procedure when others try it.

Mr. STANLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. STANLEY. I will say to the Senator in that connection, having spoken favorably for the point of order, that I stated yesterday on the floor of the Senate that I had had occasion during my service in Congress to look into the operations and character of the work done in that university, and it is a most commendable institution. I would readily vote for a liberal appropriation for it; I would vote for this appropriation. It is doing a good work and a work that is needed, and there is not a Senator on the other side more heartily in favor of encouraging this institution or more heartily in favor of a liberal appropriation by the Federal Government in its behalf; but I am opposed, first, to violating the rules of the Senate; in the second place, I am not in favor, in the case of the Howard University or the agricultural colleges, or any other institutions in the United States, of this pernicious system of trading Federal supervision for Federal funds. The States are being literally bribed, in an indirect way; they are being corrupted, they are being subsidized into a surrender of a discretion and of a jurisdiction over these institutions, and the private institutions in the same way are surrendering in order to get appropriations, and the Federal Government is being saddled with an infinite detail that it can not attend to, that no human intelligence can supervise. That is one reason these bureaus are going to pieces, like a rotten apple. They have too much to do.

Mr. SMOOT. Will the Senator from Nebraska yield while I ask the Senator from Kentucky a question?

Mr. NORRIS. I hope the Senator will not ask the question in my time. I will yield to the Senator to ask me something, but not to ask the Senator from Kentucky a question. I will soon give up the floor, and then the Senator can make his inquiry. I would not like to yield for that purpose, because I never would get through with what I wanted to say.

I was about to say, when I was interrupted by the Senator from Kentucky, that in one respect I have been very much delighted with the debate that has taken place, because so many Senators have said that they favor this appropriation on its merits, but that they are convinced that it is subject to a point of order, and that in order to preserve the rules of the Senate and not establish a precedent which they think would be dangerous, they are going to vote in favor of sustaining the point of order.

That has confirmed what I thought, when I first became a Member of this body, always ought to guide a Senator. I have not always followed that opinion, for the reasons I stated awhile ago, because it seemed to me that my colleagues were not following it; but if Senators want to return to that practice, I want to go with them. I think we ought to preserve our rules, and that we ought to pass on a point of order regardless of the merits of the particular legislation against which the point of order is directed.

Mr. DILL. Will the Senator yield?

Mr. NORRIS. I yield to the Senator.

Mr. DILL. As I understand it, the rule we are discussing is a new rule and has never been construed. I understand it was adopted because it was the practice to put all kinds of legislation on appropriation bills. In construing this rule, does not the Senator think we ought to be liberal in the interpretation of the word "legislation," rather than to be so narrow as not to permit even the adding of items to enlarge appropriations which are recognized as admittedly proper in the bill?

Mr. NORRIS. The Senator has asked me a very proper question, and I want to answer it as best I can. I was about to proceed along that line when I was interrupted.

In its present form this is a new rule. I have in mind the object we tried to attain when we adopted the rule—to get away from a difficulty which had become almost a nuisance in the Senate, and I fear if we do not sustain this point of order we will go back into the same old rut where we were and out of which we tried to get when we modified this rule. I am not opposed to a liberal construction, but as I view it if we violate this rule now and overrule this point of order we will have accomplished nothing by the amending of the rules. We will have opened the gate wide and it will come home to trouble us with every general appropriation bill that comes before the Senate.

In changing this rule we went so far, so anxious were we to keep legislation off appropriation bills, that we provided in so many words that when a point of order of this kind was sustained the whole bill should automatically go back to the committee. That was quite a severe punishment. But our idea and our object was to provide that when we took up an appropriation bill we should have an appropriation bill, and not be considering general legislation.

I think I could put this whole rule in one sentence in such a way as to relieve it from all difficulty; but we have not quite done that. There are some things in this rule which seem to me difficult of construction. I concede that. Parts of it are somewhat conflicting. But I am firmly of the opinion that these items about Howard University are obnoxious to the rule and that the point of order in regard to them ought to be sustained. If it were not that we would be establishing a precedent, I would vote the other way, because I am heartily in favor of what the committee has provided here. I am sorry that the point of order has been made. I wish it had not been made. I will vote to suspend the rules, in an orderly way, so as to take this up. If I get an opportunity to do so, I will vote for this appropriation that will be stricken out on the point of order. I would like to see this item put in.

I would vote for a general law which would give us a basis for appropriations in regard to Howard University. I always supposed, before this point came up yesterday, that we had a legitimate right to appropriate for this university and that it was, in fact, a Government institution. I was dumfounded and surprised, when the Senator from Utah was called upon to cite the law in defense of these appropriations, that he was unable to do it. That is no criticism of the Senator from Utah, of course. He frankly stated, in substance, that there was no law authorizing the appropriations, or at least I understand the facts to be so.

The fact that we have incorporated the item, the fact that they conveyed to us at one time land which became a public park, the fact that we have appropriated in the past for this institution, is, in my judgment, no basis whatever for an appropriation now. It is entirely different from making an appropriation for repairs or for the improvement of property owned in the United States. This is an appropriation which goes with ownership of title, and would be authorized if the original thing had been authorized by law.

The importance of this will come home to us if we realize that if we overrule this point of order it will be proper to offer amendments of all kinds to every appropriation that comes before us for consideration. A good many instances can be picked out where we have heretofore made a simple appropriation for something by unanimous consent, and the very fact that we have given something for charity, let us say, to some individual, or to some institution, will be cited as a reason why we must continue to give. To my mind, the fact that we have once appropriated to help an institution, worthy as this one is, is not a legal determination authorizing other appropriations, and because of its importance, Mr. President, because of its importance as a precedent, because of its importance in really overthrowing this rule, I believe, going contrary to the very spirit of it and contrary to the intention we had in mind when we adopted it, it behooves us to make no mistakes now. From the expressions of Senators on the floor, I think a motion to suspend the rules, which would take a two-thirds vote, it is true, could be carried, and we could put this in. I am ready to support a general law that would take care of Howard University. I would dislike to cripple that institution. I would go as far as anybody to keep from crippling it. I think we ought to keep it up.

Mr. FLETCHER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Florida?

Mr. NORRIS. I yield.

Mr. FLETCHER. Is there any more reason why we should not make appropriations for Howard University, a private institution, than for the Tuskegee or Hampton Institute, or other institutions of that character?

Mr. NORRIS. Mr. President, I think there is some difference, although there may be merit in making appropriations for Tuskegee and some other institutions. But here we have a great race of people who some time ago were slaves. This is intended to give them all the advantages of college education, where they can study medicine——

Mr. FLETCHER. The same is true of Tuskegee and Hampton.

Mr. NORRIS. All right; I am not saying I would vote against a provision in the law that would allow us to make appropriations for the other institutions. It does seem to me that we are under some moral obligation to give these people an opportunity to get every advantage in dentistry, in medicine, in all other lines of education that we give to anyone else, and we are justified in lending a helping hand to them.

Mr. MOSES. Will the Senator permit me to add to his statement, further, that Howard University is an outgrowth of the Freedman's Bureau, which was a governmental institution, established toward the close of the Civil War, and the development of that bureau was wholly with Government funds?

Mr. NORRIS. I thank the Senator for his interruption.

Mr. OVERMAN. Mr. President, in making the point of order, I do not desire to cripple the institution. I did not make a point of order, as I could have done, to other items amounting to $150,000 or more for the purpose of sustaining this institution. If this institution did not already have a medical college, a full force of doctors, and $150,000 for equipment of the institution, I would not have made the point of order.

Mr. NORRIS. Mr. President, I am not criticizing the Senator for making the point of order. In my opinion, if we had made the point of order against any one of these items, or all of them, the point of order would have been good. I do not think this particular item is any more subject to a point of order than any other item appropriating money for Howard University.

It seems to me when we have discovered that there is an absolute lack of legal authority upon which any of these appropriations can be based, a point of order must be sustained. It will pay us in the end, it seems to me, if we do not make a mistake now that will let in items of this kind, as such items will be offered on every appropriation bill we ever get up.

Mr. MOSES. Let all the others be decided on their merits as they arise.

Mr. NORRIS. Very well; let us take that view of it for just a moment. There are a great many people who argue that that course ought to be followed with all appropriation bills. It has been argued in all legislative bodies that appropriations ought to be more or less limited to objects authorized by law.

An argument can be made on the proposition that there ought to be no such rule, and that after all we should discuss every proposition upon its merits when it is offered. If we are going to do that, then we ought to repeal the rule and let anybody offer any kind of amendment and decide it on its merits.

Mr. MOSES. I agree with the Senator very largely about that. In this particular case it is impossible to discuss the item under the point of order that has been raised against it wholly aside from the merits of the appropration involved. But that is not what I wish to say to the Senator and to the Senate generally. I agree with the Senator that something must be done if the Senate is to maintain its authority, its dignity, and its right to deal with public funds. Under the situation that has grown up the Senate has practically abdicated its function as an appropriating agent. We see general laws setting limitations upon the Senate so that a clear majority of the Senate is absolutely hamstrung in the matter of any action it wishes to take, and it would require two-thirds of the Senate to suspend the rule in order that the Senate might do something that a large majority plainly wants to do.

Mr. NORRIS. My own idea is there are about two-thirds of the Senators who want to do it, but we ought to follow the methods we have laid down. It never pays to do a lawful thing in an unlawful way.

Mr. SWANSON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. NORRIS. I yield.

Mr. SWANSON. There is a way the majority can do it under the rule. The Committee on Public Buildings and Grounds could report an authorization for this appropriation. If it becomes a law by a majority vote, then the Appropriations Committee could report the appropriation. That is what was contemplated; that there would be two committees; that in such a case as the one before us the Committee on Public Buildings and Grounds should pass upon it and authorize the appropriation, and then the Committee on Appropriations could report the appropriation.

Mr. NORRIS. I had already referred to the fact that was called to my attention by the Senator from Virginia, and said that we could do it in that way. We could not do it in that way in time to save the appropriation in the pending bill because that would take some time. Such a measure would have to pass both Houses and be signed by the President. I think we ought to pass that kind of a law. I believe most Senators have felt as I have always felt that we were authorized by law to appropriate for this institution. I would like to help to give us authority so we can do it.

Mr. MOSES. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from New Hampshire?

Mr. NORRIS. In just a moment. I want to answer more fully what the Senator from New Hampshire said a moment ago. It does not pay in the end in my judgment for us to do something that violates our own laws in a particular instance where we can see or believe that we can see that by doing so we can accomplish some good. In other words, we will be doing a good thing, but we will violate the law in order to do it. The danger comes there, that while we have accomplished some good in that particular case it will be cited a thousand times as an excuse to do something that is wrong instead of right.

If it is true that we ought to overthrow the technicality of the rule and pass upon this question upon its merits in the particular case, then we have no excuse for the rule and ought to overthrow it entirely and pass upon the merits in every other instance. But legislative experience has shown during all civilization that that kind of rule and that kind of procedure means bad legislation, means no control over the purse strings of the Nation. It means extravagance. These precedents would be cited to justify extravagant use of public funds all through. The theory is that we should first legislate, first authorize by law, and then the Appropriations Committee should be confined in its official capacity to bringing in appropriation items that will carry out the law which has been put upon the statute books.

I now yield to the Senator from New Hampshire.

Mr. MOSES. The Senator from Nebraska need have no fear whatever about the safeguarding of the Treasury so long as the Senator from Wyoming [Mr. WARREN] and the Senator from Utah [Mr. SMOOT] sit on the Appropriations Committee, and I hope their days will be long in that body.

Mr. NORRIS. But they are both getting old. Does not the Senator see that? [Laughter.]

Mr. SMOOT. I resent that suggestion.

Mr. WARREN. I resent it, too! [Laughter.]

Mr. MOSES. They are still very vigorous, however, as I know, because I am sitting with them on a subcommittee of the Committee on Appropriations.

Mr. NORRIS. I know that; but the very fact that both of them resented it so quickly is a further evidence of their declining years.

Mr. WARREN. Why, Mr. President, the Senator who makes the suggestion is just as old as we are. [Laughter.]

Mr. NORRIS. When the Senator says, "You are just as bad as I am," that is further evidence that he is pretty bad himself. [Laughter.]

Mr. MOSES. I want to call the Senator's attention to another matter in connection with the development of this institution in which I disagree with the interpretation put upon the law that this is new legislation. It is not new legislation in the sense that it is novel, because this type of legislation has the well-nigh unbroken sanction of precedents in Congress after Congress in every session for 30 years or more.

Mr. SMOOT. For 45 years.

Mr. MOSES. I have already pointed out that the institution had its beginning as a governmental institution, the Freedmen's Bureau, and that Government money has constantly supported it. Except for the technicality of having been taken over and managed by a board of trustees appointed by the same governmental authority, Howard University is in every sense a public institution.

Mr. FESS. Mr. President, will the Senator from New Hampshire yield to me for a question?

Mr. MOSES. Certainly.

Mr. FESS. Reverting to what the Senator said about the unbroken practice of making appropriations, over in the House, time after time, these items go out on a point of order on the ground that they were not authorized. We had one Member who constantly raised the objection, and just as often as it was raised the item went out. It was always reported there that the Senate would permit it to go into the bill. When it came over here the item was put in the bill and it went back to the House and they then voted on it.

Mr. MOSES. The House did not then resist it?

Mr. FESS. It did not. My question is, Why is not the university put in a situation under legislation so that such a thing would not occur in a body like the House?

Mr. MOSES. Of course the Senator asks a question which I can not possibly answer. I am ready to cooperate with the Senator in putting the university into such a status that this question will not constantly arise, because I assume the Senator agrees with me that the demand which the institution makes upon the consideration of Congress and the approach which it makes every year to the Federal Treasury is well founded; that they have every reason to come to us, because, as has been pointed out in the course of the debate, the work which the institution is doing is absolutely unique. It does work which other institutions of learning, to which we contribute millions of dollars every year, to wit, the State universities, can not do. While it is true that their doors may be open technically, yet we all know the situation which confronts the pupils of color who go to their institutions.

But here is an institution of learning originating, as I have said, in a governmental organization, fostered through all the years by governmental liberality, and contributing, as everybody knows who knows the history of Howard University, very greatly to the welfare of the country by giving education to those who without education might otherwise become vicious and criminal. The sanction of usage for a generation and a half takes the legislation, as I believe, out of the category of new legislation in any sense that can be urged against new legislation as being novel.

Mr. FESS. Mr. President, I want to indorse all that was said by the Senator from New Hampshire as to the character of the work done by Howard University. I have watched it since I have been in the other branch of Congress, and have always supported its efforts, but we were always embarrassed in the House by a lack of legislation which would permit us to make the appropriations, and had constantly to depend upon the Senate to relieve the situation. My question is, Why can we not reach it in a way so that this embarrassment does not continually come up? I want to vote for the appropriation, but I want to maintain the integrity of the rules and vote in accordance with the rules of the Senate. That is why I raised the question as to why we can not cure this seeming defect.

I would like also to state while I am on my feet that the Federal Government has constantly assisted in education. Our land-grant college system has been in vogue for years and years. There is no stretch of Federal authority over education in Howard University that we have not been exercising right along. So far as that argument is concerned I am not embarrassed, but I am embarrassed as a Member of the Senate to know how to vote on an appropriation which I would like to see put in the bill that seems to be in conflict with the rules, especially if we go to the point where we shall have to vote on the rule as a rule.

Mr. MOSES. As the Senator knows, the rule is much more honored in the breach than in the observance, and it is only by the willful exercise of authority that the situation can be handled.

Mr. SMOOT. Mr. President, Senators are very much worried over the violation of the integrity of our rules. If Senators want the rules obeyed, if they are so anxious about the rules being carried out, they would make a point of order against all of the items under the Howard University heading, with the exception of that for the completion of a building for assembly hall, $157,500, and——

Mr. OVERMAN. But I did not make that point of order.

Mr. SMOOT. I know the Senator did not. I am not speaking of the Senator's motion to-day; but if we are anxious to maintain the integrity of the rule and if this is a violation of the rule, and we want to keep the integrity of our rules inviolate at all times, then it becomes the duty, may I say, of Senators to raise the point of order against the first item, $125,000 for maintenance to be used in payment of part of the salaries of officers, and so forth, $30,000 for tools, material, salaries of instructors, and other necessary expenses of the department of manual arts——

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. SMOOT. In just a moment. The point of order should be also made against the item of $9,000 for the medical department, $5,000 for material and apparatus for chemical and other studies, $3,500 for books, shelving, and so forth, for the library, $20,000 for improvement of grounds and repairs of buildings, and $15,000 for fuel and light. Every item that I have mentioned is subject to a point of order just as much as the items against which the point of order has been made. If it is desired to strike out these items on a point of order—and if one item is struck out I do not see why the others should not be—it may be possible to have legislation at this session of Congress or else let the institution go by the board.

Mr. LENROOT. If the bill should go back to the committee, it is my opinion that all these items should be stricken out of the bill and then offered on the floor, where anything may be done by unanimous consent.

Mr. MOSES. A fine chance a Senator would have to get unanimous consent on such a proposition!

Mr. LENROOT. Anyone could make the point of order at any time then. The Committee on Appropriations has no right to report to the Senate anything that is in the nature of legislation, as the Senator knows.

Mr. SMOOT. I know it has no right to report to the Senate items that are in the nature of new or general legislation, but there are a great many Senators who do not believe this is new or general legislation.

Mr. LODGE. Mr. President, if the Senator from Utah will allow me, it seems to me he has drifted away from the one real point, and that is that this is new legislation. I do not see how it can be regarded as new legislation. If we are going to strike these items out on the technical ground that we have never passed a law to provide buildings for Howard University, it is making such a ridiculously small objection that it would cut out everything before we are done that carries on any building or any institution to which the Government is committed. We have been committed to this institution for years and years. It grows out of the Freedmen's Bureau. In no broad sense is it new legislation. I do not think it falls within the general rule at all if properly applied.

Mr. FLETCHER and Mr. LENROOT addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I will yield as soon as I have answered the Senator's suggestion. If this is new legislation, we might just as well abolish the Appropriations Committee of the Senate and let the House of Representatives alone pass upon all appropriation bills.

Mr. LENROOT. Mr. President, will the Senator yield to me?

Mr. SMOOT. Yes.

Mr. LENROOT. I should like the Senator's view in response to the suggestion made by the Senator from Massachusetts [Mr. LODGE]. Does the Senator from Utah believe that the Committee on Appropriations have jurisdiction to report appropriations providing for additions to public buildings the construction of which Congress has heretofore authorized and which have been completed?

Mr. SMOOT. That Congress has heretofore authorized?

Mr. LENROOT. Where the original buildings were authorized but there has been no authorization for the additions; does the Senator from Utah think that the Committee on Appropriations is authorized to report amendments making appropriations for additions to existing buildings?

Mr. SMOOT. I do not, because there has never been an appropriation made in the first place, and the first appropriation would have to be made by the House of Representatives.

Mr. LENROOT. But an appropriation was made for the original building.

Mr. SMOOT. But there has been an appropriation made in the present instance, and the pending amendment is to provide an addition to a building which has already been erected.

Mr. LENROOT. Let me follow this up for a moment. We appropriate, in the first instance, for the construction of public buildings, just as we have appropriated for Howard University; and yet the Senator would not think we could bring in an amendment, without previous authorization, for constructing additions to public buildings all over the United States?

Mr. GLASS. The Senator from Utah knows perfectly well that there was recently before the Appropriations Committee a proposition just like that indicated by the Senator from Wisconsin [Mr. LENROOT], and the Senator submitting it was told that it could not go into the bill because it would be subject to a point of order.

Mr. SMOOT. It was not for the erection of a building at all. It was an appropriation which was asked for $20,000 to repair

a building that had been destroyed by fire. There had been no appropriation made for it at all. It was a building which was erected 60 years ago.

Mr. SWANSON. I should like to say——

The PRESIDENT pro tempore. The debate must proceed in order, if the Senate is to observe any of its rules. Does the Senator from Utah yield to the Senator from Virginia?

Mr. SMOOT. Yes; I will yield the floor. I have said all I desire to say.

Mr. SWANSON. I desire to suggest that the post-office building at Norfolk, Va., is not large enough to transact the business of the Government. We have spent several hundred thousands dollars for that building, and it is now desired to have some additions made to it, as is also desired in this case, in order that there may be increased facilities provided there to transact the business. The building, of course, has heretofore been authorized and constructed. Does the Senator from Utah think that an amendment to the pending bill would be in order, providing an appropriation of $50,000 to make additions to the post-office building at Norfolk?

Mr. SMOOT. No, Mr. President; I should say——

Mr. SWANSON. Why?

Mr. SMOOT. I will tell the Senator why if he will permit me. The original appropriation for the erection of the post-office building at Norfolk was expended as soon as the building was erected. We have not been appropriating every year for extensions to that building, but we have been appropriating for 45 years for Howard University.

Mr. SWANSON. Mr. President——

Mr. NORRIS. I should like to ask the Senator from Utah a question.

The PRESIDENT pro tempore. The Senate will be in order. Does the Senator from Utah further yield, and, if so, to whom?

Mr. SMOOT. I suppose the Senator from Virginia [Mr. SWANSON] wishes to ask me a further question, and I will first yield to him.

Mr. SWANSON. I can not see any difference in the two propositions. We have made, I think, several appropriations to enlarge the post-office building at Norfolk. The erection of that building was begun over 100 years ago, and its operation has been continuous.

Mr. SMOOT. The appropriations for it have not been continuous, to any extent.

Mr. SWANSON. The Senator will find hundreds of buildings of that character. Now let me ask a question. When this rule was brought in here it was distinctly understood that the Committee on Appropriations would not absorb all of the authority of the other committees of this body. If the Committee on Appropriations may now bring in new items on the naval appropriation bill when it is reported; if it may bring in new items on the bill providing for the erection of public buildings when it is reported; if it may bring in new items on the agricultural appropriation bill when that shall be reported, it will simply mean that the Committee on Appropriations has absorbed all the appropriating authority of the Senate. When this rule was adopted it was provided that there should be no new legislation on any general appropriation bill which came from the Appropriations Committee; that was distinctly understood at the time.

Mr. SMOOT. I recognize the fact that the Committee on Appropriations has no authority to bring in new legislation; I have said that three or four times on the floor of the Senate; but there are Senators who believe that the pending amendment is not new legislation.

Mr. NORRIS. Mr. President——

Mr. SWANSON. But where is the old legislation which authorizes it?

Mr. SMOOT. Oh, Mr. President, the appropriations for this purpose have been made time and time again, and they have been authorized.

Mr. SWANSON. So have appropriations been made for buildings all over the country.

Mr. NORRIS. Mr. President, may I now interrupt the Senator from Utah?

Mr. SMOOT. Yes.

Mr. NORRIS. The Senator from Utah claims that because we have been appropriating for a good many years for this purpose, therefore this proposition is now new legislation; and he says in answer to the question of the Senator from Virginia [Mr. SWANSON] that if the post office at Norfolk had been injured by fire, or if a building in some other place had been injured by fire, an appropriation to repair the damage would be subject to a point of order, because the appropriation had never before been made. Let me just follow out that suggestion. Suppose down at Norfolk, Va., 10 years ago there had been a fire in the post-office building owned by the Government, and an item for an appropriation to repair the damage came in here, and no Senator made a point of order against it, and Congress appropriated $10,000 to repair the building; and the next year there had been another fire and another appropriation of $10,000 had been made; and there had been another fire the next year, and that kept on and appropriations had been made for 9 years, and this year there had been a tenth fire and an item came in here to repair the damage, would such an appropriation be subject to a point of order?

Mr. SMOOT. If there had been 45 fires consecutively, 1 every year, I think more than likely Congress would have appropriated $10,000 to repair the damage.

Mr. NORRIS. Forty-five such appropriations, then, would be the limit?

Mr. SMOOT. No.

Mr. NORRIS. Suppose there had been 44 fires; would that, then, be the limit?

Mr. SMOOT. Of course, if there had been only 44——

Mr. NORRIS. Such an appropriation would, then, be subject to a point of order? In other words, if we have been doing something without authority of law, if we have done it 45 times, it makes it law; but if we have only done it 44 times it would not be law?

Mr. SMOOT. Mr. President, it seems to me that the discussion is resolving itself into a quibble. I believe there are but few Senators who think that the appropriations for Howard University ought not to be made. If we followed the House of Representatives in this matter, Howard University would have to close immediately. I called attention yesterday to the reason why the appropriations were stricken out. Does the Senator from Nebraska think it was the sentiment of the House of Representatives that these items aggregating $192,500 should be taken out of the bill in the House?

Mr. NORRIS. Does the Senator ask me that question?

Mr. SMOOT. Yes.

Mr. NORRIS. I answer, no.

Mr. SMOOT. Certainly not.

Mr. NORRIS. Certainly not; there is not any question but that a great majority of the House favor the proposition just as we do.

Mr. SMOOT. As to this item, a point of order was made against it for the same reason that the point of order was made against the other item by one Representative.

Mr. NORRIS. Let me ask the Senator, Does he object to a Member of the House or a Member of the Senate exercising a right that the rule gives him to make a point of order?

Mr. SMOOT. The Senator from Utah does not object, and he has not objected nor said a word against the Senator from North Carolina [Mr. OVERMAN] making the point of order.

Mr. NORRIS. No; but the Senator from Utah thinks the point of order ought to be overruled merely because a majority of the Senate think that on the merits of the proposition it should remain in the bill. That is the argument the Senator is making.

Mr. SMOOT. No; the Senator from Utah has never made that statement and his record will show that time and time again he has never voted upon a point of order on the merits of the item involved but in accordance with what the rules of this body provide.

Mr. FLETCHER. Mr. President, I wish to say merely a few words. Inasmuch as the other body has been mentioned, I presume I can follow up that discussion for a moment and let it be understood just what was done in the House. Of course it is not necessary for more than one Representative to make a point of order. It might have been necessary for others to make it if that one had not done so; but one was enough. The point of order, as stated by the Chair, was—

The CHAIRMAN. The question is whether there is existing law or authorization to sustain this appropriation. The gentleman in charge of the bill admits that there is no law authorizing it.

If there is no law authorizing it, it is new legislation; there can be no escape from that conclusion. It was admitted by the chairman of the committee handling the bill in the other House and by the Chairman who presided over the Committee of the Whole that there was no law authorizing this appropriation, exactly the same item being under consideration there.

The same point of order has been made in previous years, and whenever made it has been decided uniformly in the same way that the present occupant of the chair must decide it. If the appropriation is not authorized by law—and it is conceded that it is not—then it is clearly subject to a point of order. The Chair therefore sustains the point of order.

The Chair sustained the point of order raised in the other House as to various items including this item here. That was the ruling in the other body. It was conceded by everybody that the item was not authorized by law, and if it is not authorized by law, I say it is new legislation and therefore comes under the rule.

I wish to say a few words with reference to the argument that the amendment is in order, because Congress has heretofore, since 1883 or somewhere along there, been making appropriations for this private institution. It is a private institution, and I am not objecting to the appropriation particularly on that ground; but I merely wish to make the point that because Congress has from year to year made appropriations for Howard University, because it has made appropriations for a medical college, if you please, in the past, does not make it a case of existing legislation. The general rule is that laid down by Hinds' Precedents, section 3588, and it settles that question. I quote from that work:

> An appropriation for an object in an annual appropriation bill makes law only for that year and does not become "existing law" to justify a continuance of the appropriation.

Consequently this is necessarily new legislation on an appropriation bill. That is all there is to it.

Mr. ADAMS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Colorado?

Mr. FLETCHER. I yield.

Mr. ADAMS. I should like to ask the Senator from Florida a question, if I may, to clear my own mind.

Mr. FLETCHER. I yield to the Senator.

Mr. ADAMS. My trouble, I will say to the Senator from Florida, is that I can not quite understand, probably due to my lack of experience, the argument that every new appropriation item is necessarily new legislation.

Mr. FLETCHER. It is not.

Mr. ADAMS. I find in the rule, as I look at it, two paragraphs in the first section of Rule XVI, the first of which contains the provision that there may not be added a new item of appropriation unless there be a preexisting law for it. The section under which I understand the point of order has been made is that the amendment is new legislation. What I want to get clear is whether or not every new item of legislation or of appropriation is necessarily new legislation. It seems to me, as I interpret the rule, that these things are not the same, and if the Senate had intended to say that every item of legislation should be subject to the point of order it would have said so.

I have been rather led to interpret this rule as an effort to put a penalty upon the violation of paragraph No. 3, and that new legislation rather has to do with legislation which is not germane to the appropriation bill. I have difficulty, therefore, in understanding that the addition of an item to an appropriation bill is new legislation, as I can not escape the connection between the term "new" legislation and "general" legislation. It seems to me that the Senate must have had in mind the evil which has been somewhat frequent here of adding general legislation to appropriation bills, and that in order to provide the penalty for it they provided that when new legislation or general legislation were added the bill should go back to the committee.

It rather seems to me that if the point of order is to be sustained it means absolutely that no new items can be added to any appropriation bills, because I can not conceive of a new item of appropriation which would not come within the interpretation that some Senators seek to put upon the term "new legislation." I am disposed, as a matter of inclination, to follow the Senator from North Carolina, but at the present time I can not make that sort of mental connection.

Mr. FLETCHER. Mr. President, I will say to the Senator, if I understand his point, that it is not claimed by anybody that every new item in an appropriation is subject to the point of order, because every new item is not necessarily new legislation. There may be authorizations for the item in various instances. There must be and there ought to be in all instances authorization in existing law as a basis for an appropriation, and, of course, such an appropriation is not new legislation.

Mr. ADAMS. That is the point that I had in mind. Is there not a confusion in the objections made between the first paragraph and the second? The point of order, as I see it, under the first would be upon the ground that there was no preexisting legal authorization for the appropriation, and, I think, if that objection had been made, I would be disposed to vote to sustain the point of order, but when the point of order is that this is new legislation it seems to me that the question whether or not it is new legislation can not be determined—at least I can not see that it can be determined—by the fact that there is no preexisting and underlying legislation; that is, I can not help looking at an appropriation, for instance, in the naval appropriation bill, and if we were to add an item for a new class of submarine chasers, or something of that sort, I can not quite conceive that that is new legislation rather than adding an item.

Mr. SWANSON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Virginia?

Mr. FLETCHER. I do.

Mr. SWANSON. When the naval bill comes in, the question is asked whether there is any authorization for new items. If the contention made here is correct, they can bring in here appropriations for 10 battleships, virtually a new naval bill, not authorized by the Naval Affairs Committee, when they have never made appropriations for new submarines or new battleships. Under our rules such appropriations must be authorized by the Naval Affairs Committee, which has charge of naval affairs. If we do a thing of that sort, there is no use in having a Naval Affairs Committee.

Mr. ADAMS. As I understand the Senator from Virginia, that is specifically provided for by the first paragraph of this rule. My point is that the particular point of order ties itself, as I understand, to whether or not this is new or general legislation.

Mr. SWANSON. Suppose a House bill is brought over here, and the Senate committee makes an amendment to it. If it is authorized by law, that is a new item included in the bill. For instance, suppose we appropriate to build battleships. If the House did not see proper to include in the bill sufficient to complete the battleships which had been authorized, that would be a new item in the bill, added in the committee; but it must be authorized by law or else it is new legislation. The words "new item" mean something added in the committee to the bill as it went to the committee. The words "new item" are limited by whether it has new law or old authorization for it.

If this were a naval appropriation bill, it could have come over here and not had any appropriation in it to take care of submarines authorized by law. It could go to the Committee on Appropriations and they could bring in a new item for that purpose; but it is authorized by law. That would be a new item added to this bill, but it would not be subject to a point of order, because there would be legislation authorizing it. That is what I think the rule means by a new item, limited by "new legislation" down below, in the next paragraph.

Mr. FLETCHER. In the instances the Senator has in mind there must be a recommendation for the item. The Director of the Budget must approve it or it must be reported by a standing committee. That is a different situation. That has no bearing at all on this case.

Mr. OVERMAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from North Carolina?

Mr. FLETCHER. I yield.

Mr. OVERMAN. Practically the first section is the old rule. There came to be almost a scandal in the Senate because the Appropriations Committee from time to time were bringing in new legislation which had not been authorized by any other committee or by the Senate. Therefore this new rule was established to prevent the Appropriations Committee from acting at all upon those questions of new and general legislation. The Appropriations Committee acts upon the estimates sent from the Treasury Department and upon appropriations authorized by the different committees, to wit, the Naval Affairs Committee, the Military Affairs Committee, and so forth, and, therefore, under the new rule, all these appropriations are to be sent to the Appropriations Committee with instructions that they shall not include any new legislation.

Mr. ADAMS. Mr. President, may I make a suggestion there?

Mr. FLETCHER. Yes; I yield.

Mr. ADAMS. The Senate did have, as I understand, its old rule, paragraph 3, which provided that—

> No amendment which proposes general legislation shall be received to any general appropriation bill, nor shall any amendment not germane or relevant to the subject matter contained in the bill be received.

That was the section which was being continually violated, and that is what occurred to me—that the penalty provision was inserted in order to prevent the disregard of that section—and that had conveyed to my mind the inference that when the Senate said "general or new legislation" it had in mind those things where there had been violations under previous practice.

Mr. LENROOT. Mr. President, will the Senator yield for a suggestion?

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. FLETCHER. I yield.

Mr. LENROOT. Of course, the Senator from Colorado was not here when the rule was adopted, but the Senator from Florida well remembers that the word "new" was advisedly used as being much broader than "general."

Mr. FLETCHER. I was just going to say that. The word "new" was added in the amended rule so as to take care of situations like this that might come up. Because there is an item in an appropriation bill simply saying "for such and such a purpose, so many million dollars," the idea that that may not be legislation, that it may be simply an appropriation which does not involve legislation, can not be sound, because involved in the very item of appropriation may be legislation to which Congress would be committed.

For instance, suppose an appropriation bill, say, for rivers and harbors, should provide that there should come in an amendment appropriating $1,000,000 for the improvement of the Missouri River from the point where it enters the Mississippi to its source. That is not merely an item of appropriation. That would commit Congress to the approval and adoption of that whole project—the improvement of the Missouri River. So this is not merely an item of appropriation; it is legislation, in that we propose here to construct certain buildings at a certain place. That is legislation; and the mere fact that some years ago, or two years ago, or perhaps each year for 40 years we may have made some appropriations for some purpose to be expended on that plant generally does not take it out of the status of new legislation, because under the highest precedent which I have just read here each appropriation expires with the year for which it is made and is not thereafter the basis of further appropriations. It does not continue as existing law to constitute the basis of further appropriations. This is necessarily new legislation under that rule, and I can not see any escape from so holding.

Mr. ADAMS. Mr. President, may I make just one inquiry? The Senator from Wisconsin really pointed out the thing that led to what is perhaps my confusion when he said that the word "new" was used advisedly and with care. If they meant by that the equivalent of a new item of appropriation, I wondered why they did not say "new item of appropriation" or "general legislation" rather than saying "new legislation." That is, there seems to have been a deliberate use of terms drawing a distinction between new items of appropriation and new legislation. That was what I was interrupting for and trying to get my own mind cleared up.

Mr. FLETCHER. The legislation is involved in the item of appropriation.

Mr. LENROOT. Mr. President, may I reply to that?

Mr. FLETCHER. I yield.

Mr. LENROOT. The question often came up whether a given item or given language was general legislation or special legislation, and so the word "new" was used to cover them both—not items of appropriation, necessarily, but whether it was general or special.

Mr. WARREN. Mr. President, I do not rise with any expectation of changing a single vote. In fact, I do not care to change the vote of any Senator. I hope they will vote as their judgment dictates upon this question.

I am not going to argue the case further than what I contributed yesterday. I am still of the opinion that this particular subject before us came in here in order, but I think the chairman of the Committee on Appropriations has a right to have the proper construction of this word "new" and the words "new legislation," because, as I understand and have reason to believe, the chairman of that committee and the members of the committee desire to keep within the law and within the rules of the Senate. However, when it comes to the point where the word "new" applies to anything new it applies even to any increase of appropriations; it applies to a great many matters that have passed for years and do pass in appropriations, because it has been considered that appropriations, unless the word "hereafter" preceded them so as to make them statutes, were, of course, only from year to year, and it has not seemed necessary to take up the matter of having some standard clause governing what we shall pay our Senators' clerks or what we shall pay the boys who wait upon us. If, however, a close construction is to be given—as seems to be desired upon the part of some of our prominent parliamentary friends—the committee will be in very close quarters; and I want at this time simply to say that I want the Senators, one and all, to observe what this rule is and what it means, because it will be very difficult for us under the rules as they are and with the close construction it is now sought to accord it, taking the first and second paragraphs of it together, to follow out anything like the lines that have been followed in the appropriations that become necessary from time to time for the support of the Government.

I shall be glad to have Senators abide by this decision, as I expect to do; and when they approach—as they will and as they have a right to do—the Committee on Appropriations with their amendments, I will ask them to assist that committee by bringing with them the law, the authority, upon which they base the appropriations or increases of appropriations, and so forth, asked for, because, of course, we have to defend them in committee and here on the floor, and the easiest way might be for the committee to leave out all such items and come in with a bill with perhaps half the number of items that we have now and the others omitted because a point of order may be raised in regard to them.

Of course, I understand that the rule can be waived, that nobody may raise the point about it, and let almost any kind of a bill go through; but if we are to have continuously the impending danger of every item that is new being challenged on the floor I ask that the Rules Committee may take this rules question under consideration and determine whether we do not need some clarification or some extension of the rules, because surely our practice has not been, when there has been no fault or criticism raised as to subject matter, to have our amendments subject to points of order from first to last on every one of these measures because of that little word "new."

Having said that, I hope that Senators will record their judgment upon this point, and I hope, furthermore, that we may have a different and better understanding of what our rules mean because not only the differences we have had heretofore but the different attitudes taken on the floor yesterday and to-day make it incumbent, in my judgment, upon the Committee on Rules to present some different rule to this body so that we may not crawl out on a limb and saw off the limb, as we might do in some of these cases of needed appropriations.

For instance, the Senator from Ohio [Mr. FESS] has spoken of the treatment that is sometimes accorded to items in the House. What he says I subscribe to fully because it is a matter of fact. Matters go out there on the objection of one man or two men, and they undertake to say that we can restore them here in the Senate, and under the rules as we have understood them and as we have practiced under them heretofore many of those items could be restored and have been restored.

I hope we may have a yea-and-nay vote.

Mr. BRUCE. Mr. President, I simply desire to say that I propose to vote in support of this point of order because I believe that in a legal sense it is well taken. It seems to me that what the Senator from Wisconsin [Mr. LENROOT] has said upon that subject, and especially what the Senator from West Virginia [Mr. NEELY] has said, is unanswerable.

I desire to say, at the same time, that I regret that I shall be constrained to vote that way. I represent a State in which it is not only the policy of the people at large, but particularly the policy of the Democratic Party at the present time, to extend the amplest educational facilities that the treasury of the State of Maryland will bear to the colored people of the State; always, however, separately. Therefore, I take occasion now to declare that whenever this proposition comes before me disembarrassed of this point of order, I expect to vote for it.

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). The question is, Shall the point of order be sustained? Upon that the yeas and nays have been ordered, and the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. EDWARDS (when his name was called). I have a pair with my colleague, the senior Senator from New Jersey [Mr. EDGE], and inasmuch as the senior Senator from New Jersey would vote "nay," I am free to vote, and vote "nay."

Mr. JONES of New Mexico (when his name was called). I transfer my general pair with the senior Senator from Maine [Mr. FERNALD] to the junior Senator from Indiana [Mr. RALSTON], and vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the senior Senator from Vermont [Mr. GREENE], and vote "nay."

Mr. WARREN. Mr. President, a parliamentary question. I would like to have the question stated by the Chair, so that we may know what an affirmative or a negative vote will mean upon this particular question.

The PRESIDING OFFICER. An affirmative vote means that the Senator so voting is in favor of sustaining the point of order, and a negative vote that he is in favor of overruling it.

Mr. SMITH (when his name was called). I have a general pair with the senior Senator from South Dakota [Mr. STERLING]. I transfer that pair to the senior Senator from Tennessee [Mr. SHIELDS] and vote "yea."

Mr. McNARY (when Mr. STANFIELD's name was called). My colleague [Mr. STANFIELD] is absent from the city. If he were present, he would vote "nay."

Mr. STANLEY (when his name was called). I transfer my general pair with the junior Senator from Kentucky [Mr. ERNST] to the junior Senator from Rhode Island [Mr. GERRY] and vote "yea."

Mr. WILLIS (when his name was called). I am paired for the day with the junior Senator from Tennessee [Mr. McKELLAR]. I transfer that pair to the senior Senator from New Jersey [Mr. EDGE] and vote "nay."

The roll call was concluded.

Mr. CURTIS. I desire to announce that the senior Senator from Illinois [Mr. McCORMICK] is paired with the senior Senator from Oklahoma [Mr. OWEN].

Mr. COLT. Has the junior Senator from Florida [Mr. TRAMMELL] voted?

The PRESIDING OFFICER. He has not.

Mr. COLT. I have a general pair with that Senator, and in his absence I withhold my vote.

Mr. FLETCHER. I desire to state that my colleague [Mr. TRAMMELL] is unavoidably absent. He is paired with the Senator from Rhode Island, as that Senator has just stated. If my colleague were present, he would vote "yea."

Mr. SIMMONS (after having voted in the affirmative). I have a pair with the junior Senator from Oklahoma [Mr. HARREID]. I transfer that pair to the senior Senator from Montana [Mr. WALSH] and let my vote stand.

The result was—yeas 40, nays 35, as follows:

YEAS—40.

Ashurst	Fletcher	King	Reed, Mo.
Bayard	Frazier	Ladd	Robinson
Borah	George	Lenroot	Sheppard
Broussard	Glass	Mayfield	Simmons
Bruce	Harris	Neely	Smith
Caraway	Harrison	Norbeck	Stanley
Couzens	Heflin	Norris	Stephens
Curtis	Howell	Overman	Swanson
Dial	Jones, N. Mex.	Pittman	Wadsworth
Fess	Kendrick	Ransdell	Wheeler

NAYS—35.

Adams	Dale	La Follette	Reed, Pa.
Ball	Dill	Lodge	Shipstead
Brandegee	Edwards	McKinley	Shortridge
Brookhart	Elkins	McLean	Smoot
Bursum	Ferris	McNary	Spencer
Cameron	Gooding	Moses	Walsh, Mass.
Capper	Hale	Oddie	Warren
Copeland	Johnson, Minn.	Pepper	Willis
Cummins	Jones, Wash.	Phipps	

NOT VOTING—21.

Colt	Harreld	Ralston	Walsh, Mont.
Edge	Johnson, Calif.	Shields	Watson
Ernst	Keyes	Stanfield	Weller
Fernald	McCormick	Sterling	
Gerry	McKellar	Trammell	
Greene	Owen	Underwood	

The PRESIDING OFFICER. On the question of sustaining the point of order the yeas are 40 and the nays are 35. So the point of order is sustained, and the bill goes back to the Committee on Appropriations.

Mr. SMOOT. Mr. President, I have asked the members of the Committee on Appropriations for authority to report the bill back without the item just stricken out on a point of order, and with the total changed. Therefore, I now report back favorably, from the Committee on Appropriations, with amendments, the bill (H. R. 5078) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1925, and for other purposes.

The PRESIDING OFFICER. Is there objection to the report being received? The Chair hears none, and the report will be received and the bill go to the calendar.

Mr. SMOOT. I ask unanimous consent that the Senate now proceed to the consideration of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 5078) making appropriations for the Department of the Interior for the year ending June 30, 1925, and for other purposes.

PROSECUTION OF SUITS TO CANCEL OIL-LAND LEASES.

Mr. LENROOT. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside for the immediate consideration of House Joint Resolution 160, making appropriations for the prosecution of the naval oil-lease cases.

Mr. SMOOT. The Senator does not think it will lead to any discussion?

Mr. LENROOT. No; I do not think so.

Mr. SMOOT. With that understanding, I have no objection to temporarily laying aside the unfinished business.

The PRESIDING OFFICER. The Senator from Wisconsin asks for the present consideration of the joint resolution (H. J. Res. 160) to provide an appropriation for the prosecution of suits to cancel certain leases, and for other purposes. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution, which had been reported from the Committee on Appropriations with an amendment, on page 2, line 13, after the word "shall," to insert the words "be appointed by, and with the advice and consent of the Senate, and shall," so as to make the joint resolution read:

Resolved, etc., That there be, and is hereby, appropriated, from any moneys in the Treasury not otherwise appropriated, the sum of $100,000, or so much thereof as may be necessary, to be expended by the President for the purpose of employing the necessary attorneys and agents and for such other expenses as may be necessary in instituting and carrying on any suits or other proceedings, either civil or criminal, which he may cause to be instituted or which may be instituted, or to take any other steps deemed necessary to be taken in relation to the cancellation of any leases on oil lands in former naval reserves, in the prosecution of any person or persons guilty of any infraction of the laws of the United States in connection with said leases or in any other measures which he may take to protect the interests of the United States and the people thereof in connection therewith. Any counsel employed by the President under the authority of this resolution shall be appointed by, and with the advice and consent of the Senate, and shall have full power and authority to carry on said proceedings, any law to the contrary notwithstanding.

The amendment was agreed to.

The joint resolution was reported to the Senate as amended, and the amendment was concurred in.

Mr. FLETCHER. What amount does the joint resolution carry?

Mr. LENROOT. One hundred thousand dollars.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

The PRESIDING OFFICER. The Committee on Appropriations also reports that the preamble be stricken out. Without objection, it is so ordered.

PRESIDENTIAL APPROVAL.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that on February 20, 1924, the President had approved and signed the act (S. 2249) to extend for nine months the powers of the War Finance Corporation to make advances under the provisions of the War Finance Corporation act, as amended, and for other purposes.

PETITIONS AND MEMORIALS.

Mr. JONES of New Mexico. I ask to have a petition which I received this morning, in favor of soldiers' bonus legislation, printed in the RECORD without the names, and that the petition be referred to the Committee on Finance.

There being no objection, the petition was referred to the Commitete on Finance and the body of the petition was ordered to be printed in the RECORD, as follows:

COSTILLA, N. MEX., *February 14, 1924.*

Hon. A. A. JONES,

United States Senate, Washington, D. C.

DEAR SIR: We, the undersigned citizens of the United States of America and residents of New Mexico, having noticed the unjust fight being waged against the soldiers' adjusted compensation bill now pending before Congress by selfish interests who are trying to make Congress believe that the majority of the people are against said bill, do hereby, in mass meeting assembled, petition and urge you as our representative to stand and vote for the said compensation bill; that the majority of the people, as far as we know, are in favor of that measure. Thanking you in advance, we are,

Yours truly, ——— ———.

Mr. REED of Pennsylvania presented a memorial of the Philadelphia (Pa.) Board of Trade, remonstrating against the passage of legislation creating a Federal department of education, which was referred to the Committee on Education and Labor.

Mr. CURTIS presented a resolution adopted by the Wichita Board of Trade, of Wichita, Kans., favoring the passage of legislation granting increased compensation to postal employees, which was referred to the Commitee on Post Offices and Post Roads.

He also presented a petition of sundry rural letter carriers of Cloud County, Kans., praying for the passage of legislation granting an equipment allowance of 6 cents per mile per day to rural letter carriers, which was referred to the Committee on Post Offices and Post Roads.

He also presented petitions of sundry citizens of Medicine Lodge and Alma, all in the State of Kansas, praying for the passage of legislation repealing or reducing the so-called nuisance and war taxes, especially the tax on industrial alcohol, which were referred to the Committee on Finance.

He also presented a resolution adopted at a mass meeting of the Gilbert M. Lewis Post, No. 113, the American Legion, and its friends, of Kinsley, Kans., praying for the passage of legislation granting adjusted compensation to veterans of the World War, which was referred to the Committee on Finance.

He also presented memorials of sundry members of shop associations of the Atchison, Topeka & Santa Fe Railway system, of Strong City, Cottonwood Falls, Florence, Ottawa, Arkansas City, Kansas City, and Newton, all in the State of Kansas, remonstrating against the making of any substantial change in the transportation act of 1920, which were referred to the Committee on Interstate Commerce.

He also presented memorials of sundry members of the Santa Fe Supervisors Associations of the Atchison, Topeka & Santa Fe Railway system, of Chanute, Dodge City, Wellington, and Newton, all in the State of Kansas, remonstrating against the making of any substantial change in the transportation act of 1920, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Wichita Board of Trade, of Wichita, Kans., protesting against the making of any substantial change in the transportation act of 1920, which was referred to the Committee on Interstate Commerce.

Mr. WILLIS presented the petition of Leo T. Courtad and 358 other citizens of Carey and vicinity, in the State of Ohio, praying for the passage of legislation granting adjusted compensation to veterans of the World War, which was referred to the Committee on Finance.

Mr. CAPPER presented a memorial of the Santa Fe Supervisors' Association of the Atchison, Topeka & Santa Fe Railway system, of Wellington, Kans., remonstrating against the making of any substantial change in the transportation act of 1920, which was referred to the Committee on Interstate Commerce.

Mr. BROOKHART presented the following concurrent resolution of the Legislature of Iowa, which was referred to the Committee on Manufactures:

STATE OF IOWA,
HOUSE OF REPRESENTATIVES,
Des Moines, February 16, 1924.

Hon. SMITH W. BROOKHART, M. C.,
Washington, D. C.

MY DEAR SENATOR: I have the honor to transmit herewith a copy of concurrent resolution No. 11 adopted by the General Assembly of the State of Iowa.

Very respectfully yours,

A. C. GUSTAFSON.

Concurrent resolution 11.

Whereas the retail selling price of gasoline has been increased 6 cents per gallon in the State of Iowa within the past 40 days by all companies operating in the State; and

Whereas there appears to be no economic condition in the oil industry that justifies such an advance in price or the maintenance of the present retail price and the adherence to such prices by all companies is due to an unlawful combination controlling the industry; and

Whereas the President of the United States has ordered the Department of Justice to make an investigation of the causes of the recent advances and the present high prices of the commodity: Now therefore be it

Resolved by the House of Representatives of the State of Iowa (the senate concurring), That we most earnestly commend President Coolidge upon his action in ordering a full and complete investigation of the present high price of gasoline and of conditions relating to the production and sale of the product for the purpose of determining whether there exists an unlawful combination in connection therewith, and that we pledge to him the unqualified support of this legislature and that of the people of our State in his endeavor to prevent oppression of the people by what appears to be an unlawful combination and an unfair trade practice; and be it further

Resolved, That a copy of this resolution be forwarded to the President and to each of the Members of Congress from this State.

J. HENDERSON,
Speaker of the House.
JOHN HAMMILL,
President of the Senate.

I hereby certify that house concurrent resolution No. 11 passed the fortieth general assembly in special session.

A. C. GUSTAFSON,
Chief Clerk of the House.

FEBRUARY 16, 1924.

REPORTS OF COMMITTEES.

Mr. REED of Pennsylvania, from the Committee on Finance, to which was referred the bill (S. 1370) authorizing the granting of war-risk insurance to Capt. Earl L. Naiden, Air Service, United States Army, reported it with amendments and submitted a report (No. 168) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 732) for the relief of the Alaska Steamship Co., reported it with amendments and submitted a report (No. 169) thereon.

NATIONAL HOME FOR DISABLED VOLUNTEER SOLDIERS.

Mr. WADSWORTH. With the indulgence of the Senator from Utah, I ask unanimous consent to report back favorably without amendment from the Committee on Military Affairs the joint resolution (S. J. Res. 83) for the appointment of one member of the Board of Managers of the National Home for Disabled Volunteer Soldiers, and I ask for its present consideration.

There being no objection, the joint resolution was considered as in Committee of the Whole, and it was read, as follows:

Resolved, etc., That John J. Steadman, of California, be, and he is hereby, appointed a member of the Board of Managers of the National Home for Disabled Volunteer Soldiers of the United States, to fill the unexpired term of Henry H. Markham, deceased.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BURSUM:

A bill (S. 2581) authorizing the President to appoint Robert C. Gregory a captain of Infantry in the United States Army and place him upon the retired list of the Army; to the Committe on Military Affairs.

By Mr. ELKINS:

A bill (S. 2582) to provide for the purchase of a site for and the construction of a public building at Parsons, W. Va.; to the Committee on Public Buildings and Grounds.

By Mr. DIAL:

A bill (S. 2584) for the relief of the Crescent Manufacturing Co., of Spartanburg, S. C.; to the Committee on Claims.

A bill (S. 2585) to authorize the Postmaster General to place on the retirement rolls of the Post Office Department to receive the benefit of any laws heretofore enacted for the retirement of postal employees the name of Jeremiah W. Wise, of Sandy Run, Calhoun County, S. C.; to the Committee on Post Offices and Post Roads.

By Mr. COUZENS:

A bill (S. 2586) for the relief of Robert June; to the Committee on Claims.

By Mr. HEFLIN (for Mr. UNDERWOOD):

A bill (S. 2587) for the relief of William B. Minor; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 2588) for the relief of John N. Knauff Co. (Inc.); to the Committee on Claims.

By Mr. JONES of Washington:

A bill (S. 2589) relating to transportation rates for veterans and parents of deceased veterans, and for other purposes; to the Committee on Interstate Commerce.

GRANT OF FRANKING PRIVILEGE TO EDITH BOLLING WILSON.

Mr. SWANSON. I introduce a bill and ask unanimous consent for its immediate consideration.

Mr. SMOOT. I understand that the bill proposes that the same action shall be taken in regard to the widow of President Wilson that was taken in reference to the widow of President Harding, and I do not object to its passage.

The bill (S. 2583) granting a franking privilege to Edith Bolling Wilson was read the first time by its title and the second time at length, as follows:

Be it enacted, etc., That all mail matter sent by the post by Edith Bolling Wilson, widow of the late Woodrow Wilson, under her written autograph signature, be conveyed free of postage during her natural life.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

DAY AND NIGHT AIRPLANE MAIL SERVICE.

Mr. PHIPPS submitted an amendment proposing to appropriate $1,500,000 for an additional amount for the installation, equipment, and operation of the airplane mail service by night flying, and to enable the department to make additional charges for both night and day service on first-class mail matter in accordance with existing law, intended to be proposed by him to House bill 6349, the Treasury and Post Office Departments appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL.

Mr. FRAZIER submitted an amendment proposing in the item for secondary reclamation projects to strike out the figures "$50,000" for cooperative and miscellaneous investigations, and to insert "$60,000, of which not to exceed $10,000 shall be used for the Bowman project in Bowman County, and the Knife River project in Dunn and Mercer Counties, in North Dakota," intended to be proposed by him to House bill 5078, the Interior Department appropriation bill, which was ordered to lie on the table and to be printed.

INVESTIGATION OF INTERNAL REVENUE BUREAU.

Mr. COUZENS submitted the following resolution (S. Res. 168), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Whereas the Bureau of Internal Revenue of the Treasury Department has not, according to reports, completed settlement of all tax cases for the year 1917, which cases should have been settled long ago; and

Whereas this delay is indication of improper organization or gross inefficiency, or the bureau's handicap by conditions of which the Senate is not aware; and

Whereas as the result of this system and this delay the Government has, it is claimed, lost millions of dollars, taxpayers have been and still are oppressed, and corruption or the opportunity for corruption exists; and

Whereas rates for income taxation are governed entirely by the administration or lack of it; and

Whereas there can be no helpful, honest, sincere, and intelligent action on the rates of taxation until this system is corrected: Therefore be it

Resolved, That the President of the Senate pro tempore is authorized to appoint a special committee of five members, three of whom shall be of the majority party and two of the minority party, which shall investigate the Bureau of Internal Revenue to ascertain the extent to which said conditions exist and report thereon not later than April 1, 1924, so that this information may be ready for the Senate in considering a tax revision and tax reduction bill now before the House of Representatives.

The committee is authorized to hold hearings, to sit during the sessions and recesses of the Sixty-eighth Congress, and to employ such stenographic and other assistants as it may deem advisable. The committee is further authorized to send for persons and papers; to require by subpœna the attendance of witnesses, the production of books, papers, and documents; to administer oaths; and to take testimony. Subpœnas for witnesses shall be issued under the signature of the chairman of the committee. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee shall be paid from the contingent fund of the Senate.

PEEDEE RIVER BRIDGE, NORTH CAROLINA.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 2189) to authorize the building of a bridge across the Peedee River in North Carolina, between Anson and Richmond Counties, near the town of Pee Dee, which were to strike out all after the enacting clause and to insert in lieu thereof the following:

That the consent of Congress is hereby granted to the State Highway Department of North Carolina, and its successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Peedee River at a point suitable to the interests of navigation, at or near the town of Pee Dee, between the counties of Anson and Richmond, in the State of North Carolina, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved—

and to amend the title so as to read:

An act granting the consent of Congress to the State Highway Department of North Carolina to construct a bridge across the Peedee River in North Carolina between Anson and Richmond Counties.

Mr. SIMMONS. That is substantially the same bill that passed the Senate, and I move that the Senate concur in the House amendments.

The motion was agreed to.

ATTORNEY GENERAL DAUGHERTY.

Mr. CARAWAY. Mr. President, some days ago when the Robinson resolution was pending, declaring that it was the sense of the Senate that the President, in the interest of the country, should request the resignation of the then Secretary of the Navy, Mr. Denby, the senior Senator from Massachusetts [Mr. LODGE] became very much excited and said it was lynch law and that we were lynching the Secretary of the Navy.

The public prints this morning carry the statement that the Senator from Massachusetts [Mr. LODGE] and the Senator from Pennsylvania [Mr. PEPPER] were closeted with the President yesterday, urging that he lynch the Attorney General, Mr. Daugherty. They do not put the plea upon the ground that it would be for the public weal, but upon the ground that it would be for the good of the Republican Party.

Mr. President, I had understood that the Senator from Massachusetts [Mr. LODGE] was one of the advocates of the Dyer antilynching bill. It certainly ought to be true, if it is not, that the Senator is as kind to a member of the Republican Cabinet as he insists that other people shall be to the negroes in this country. He wants a law against lynching negroes, and according to his own definition of lynching he and the Senator from Pennsylvania were engaged in the enterprise of trying to lynch the Attorney General. They did this without giving any notice to the Attorney General. As I am informed, he was out associating with his usual cronies, according to the resolution of the Senator from Montana [Mr. WHEELER], protecting the bootleggers and other people engaged in that sort of enterprise, and these two Senators, without notice and without any other reason except to do the Republican Party good, engaged in a conspiracy to lynch him.

I merely want to protest against it, because they know and we all know that the Attorney General is slated to be retired to private life. I do not know whether or not the Attorney General has heard about it yet, but everybody else knows it. They know it, just like they knew that the Secretary of the Navy was going. It was some days before the President, Mr. Coolidge, found it out. They had not told him. He gave out an interview, and I think in perfect good faith, that until he found out that Mr. Denby had been guilty of some wrongdoing he was going to keep him. He was advised, I am sure, overnight that Mr. Denby had been guilty of some wrongdoing, not against the country, possibly, but against the possibility of the Republican Party winning in the coming contest, and therefore Mr. Denby went.

Mr. Daugherty gave out an interview, I understand, yesterday morning saying that he and the President were in perfect accord; that they were "two souls with but a single thought," and he was going to stick, going along with that blissful feeling that he had a job until March 4, 1925, and then he and the President were going out together. These two reputable Senators lynched him overnight, according to the definition of what constitutes lynching by the senior Senator from Massachusetts [Mr. LODGE], and I merely rise to protest against it.

INTERIOR DEPARTMENT APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 5078) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1925, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. SPENCER. I send to the desk an amendment to the pending bill and ask that it be read and lie on the table.

The PRESIDING OFFICER. The Senator from Missouri proposes the amendment, which will be stated.

The READING CLERK. On page 102, after line 20, insert the following:

For additions to medical-school building, $370,000.

For equipment for additions to medical-school buildings, $130,000.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. SMOOT. I ask unanimous consent that the formal reading of the bill be dispensed with, that the bill be read for amendments, and that committee amendments be first considered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah? The Chair hears none, and it is so ordered.

The reading clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the head "Contingent expenses, Department of the Interior," on page 3, line 25, after the word "offices;" to insert "not exceeding $450 for the purchase of newspapers, notwithstanding the provisions of section 192 of the Revised Statutes of the United States;" and on page 4, at the end of line 4, to strike out "$77,000" and insert "$80,000," so as to make the paragraph read:

For contingent expenses of the office of the Secretary and the bureaus, offices, and buildings of the department; furniture, carpets, ice, lumber, hardware, dry goods, advertising, telegraphing, telephone service, street car fares not exceeding $250, and expressage; examination of estimates for appropriations in the field for any bureau, office, or service of the department; not exceeding $500 shall be available for the payment of damages caused to private property by department motor vehicles exclusive of those operated by the Government fuel yards; purchase and exchange of motor trucks, motor cycles, and bicycles, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles and motor trucks, motor cycles, and bicycles, to be used only for official purposes; diagrams, awnings, filing and labor-saving devices; constructing model and other cases and furniture; postage stamps to prepay postage on matter addressed to Postal Union countries and for special-delivery stamps for use in the United States; expense of taking testimony and preparing the same, in connection with disbarment proceedings instituted against persons charged with improper practices before the department, its bureaus and offices; not exceeding $450 for the purchase of newspapers notwithstanding the provisions of section 192 of the Revised Statutes of the United States; and other absolutely necessary expenses not hereinbefore provided for, including traveling expenses, fuel and lights, typewriting and labor-saving machines, $80,000.

The amendment was agreed to.

The next amendment was, on page 5, line 21, after the words "amount of the," to strike out "purchases or the services does not exceed $100 in any month," and insert "purchase or the service does not exceed $100 in any instance," so as to make the paragraph read:

The purchase of supplies and equipment or the procurement of services for the Department of the Interior, the bureaus and offices thereof, including Howard University and the Columbia Institution for the Deaf, at the seat of government, as well as those located in the field outside the District of Columbia, may be made in open market without compliance with sections 3709 and 3744 of the Revised Statutes of the United States, in the manner common among business men, when the aggregate amount of the purchase or the service does not exceed $100 in any instance.

The amendment was agreed to.

The next amendment was, on page 6, at the end of line 3, to strike out "$6,000: *Provided*, That the four inspectors shall not receive per diem in lieu of subsistence for a longer period than 20 days at any one time at the seat of government" and to insert "$10,000," so as to make the paragraph read:

For per diem at not exceeding $4 in lieu of subsistence to four inspectors while traveling on duty, and for actual necessary expenses of transportation and incidental expenses of negotiation, inspection, and investigation, including telegraphing, temporary employment of stenographers, and other assistance outside of the District of Columbia, $10,000.

The amendment was agreed to.

The next amendment was, under the subhead "Office of solicitor," on page 7, at the end of line 17, to increase the appropriation for personal services in the District of Columbia in accordance with the classification act of 1923, from $110,000 to $124,000.

The amendment was agreed to.

The next amendment was, under the subhead "Public land service," on page 9, at the end of line 24, to increase the appropriation for salaries of surveyors general, clerks in their offices, and contingent expenses, including office rent, pay of messengers, stationery, drafting instruments, typewriters, furniture, fuel, lights, books of reference for office use, post-office box rent, and other incidental expenses, including the exchange of typewriters, etc., from $175,000 to $191,590.

The amendment was agreed to.

The next amendment was, on page 11, at the beginning of line 4, to increase the appropriation for surveys and resurveys of public lands, etc., from $650,000 to $700,000.

The amendment was agreed to.

The next amendment was, on page 12, line 11, after the name "Little Rock," to insert "and Harrison," and in line 14, after the name "Roswell," to insert "Clayton," so as to make the paragraph read:

Registers and receivers: For salaries and commissions of registers of district land offices and receivers of public moneys at district land offices, at not exceeding $3,000 per annum each, $315,000: *Provided*, That the offices of registers and receivers at the following land offices shall be consolidated on June 1, 1925, and the applicable provisions of the act approved October 28, 1921, shall be followed in effecting such consolidations: Little Rock and Harrison, Ark.; Eureka and Sacramento, Calif.; Denver, Colo.; Hailey and Blackfoot, Idaho; Bozeman, Mont.; Las Cruces, Roswell, Clayton, and Fort Sumner, N. Mex.; Burns, La Grande, and Vale, Oreg.; and Rapid City, S. Dak.: *Provided further*, That where a vacancy shall occur in the offices of register or receiver in said land offices prior to June 1, 1925, consolidation shall be effective as of the date of such vacancy.

The amendment was agreed to.

The next amendment was, under the head "Bureau of Indian Affairs, general expenses of Indian Service," on page 16, line 12, after the words "pay of," to strike out "five" and insert "special Indian Service inspector at a salary of $3,500 per annum and four," so as to make the paragraph read:

For pay of special Indian Service inspector at a salary of $3,500 per annum and four Indian Service inspectors, at salaries not to exceed $2,500 per annum and actual traveling and incidental expenses, and not to exceed $4 per diem in lieu of subsistence when actually employed on duty in the field away from home or designated headquarters, $20,000.

Mr. ROBINSON. Mr. President, I would like to have a brief explanation of the amendment.

Mr. SMOOT. The House provided for five Indian Service inspectors. The Commissioner of Indian Affairs came before the committee and while he did not ask for any increase in the amount of the appropriation, he did ask for an increase in the salary of the one Indian Service inspector whose duty it is to travel all over the United States and examine the work of the other four inspectors.

Mr. ROBINSON. To inspect the inspectors?

Mr. SMOOT. That is true. Any question that arises at any of the headquarters, which can not be settled directly by correspondence with the department, is referred to this inspector and he is sent out to hold hearings on the ground. The Commissioner of Indian Affairs held that it is absolutely impossible to keep the inspector unless he is given $3,500 salary. He has been in the service a great many years and is a very valuable man.

Mr. ROBINSON. The other inspectors receive $2,500?

Mr. SMOOT. Yes.

Mr. ROBINSON. Very well.

Mr. SMOOT. The Senator will notice that we did not increase the total amount of the appropriation of $20,000 for the service. That the committee refused to do.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, under the subhead "Indian lands," on page 19, at the end of line 18, to increase the appropriation for survey, resurvey, classification, and allotment of lands in severalty under the provisions of the act of February 8, 1887, etc., from "$50,000" to "$56,000."

The amendment was agreed to.

Mr. HARRISON. Mr. President, I desire to offer an amendment. Would the Senator from Utah prefer to have me wait until the committee amendments are disposed of?

Mr. SMOOT. I would prefer to get through with the few committee amendments that we have before other amendments are submitted.

Mr. HARRISON. Very well.

The reading of the bill was resumed.

The next amendment was, on page 31, line 22, to increase the appropriation for maintenance and operation of the irrigation systems on the Flathead Indian Reservation in Montana, etc., from "$50,000" to "$300,000."

The amendment was agreed to.

The next amendment was, on page 32, line 2, to increase the appropriation for maintenance and operation of the irrigation systems on the Fort Peck Indian Reservation in Montana, etc., from "$15,000" to "$30,000."

The amendment was agreed to.

The next amendment was, on page 32, line 7, to increase the appropriation for maintenance and operation of the irrigation systems on the Blackfeet Indian Reservation in Montana, etc., from "$20,000" to "$60,000."

The amendment was agreed to.

The next amendment was, on page 38, line 17, after the word "than," to strike out "$5,000" and insert "$10,000," so as to make the paragraph read:

For construction, lease, purchase, repair, and improvement of school buildings, including the purchase of necessary lands and the installation, repair, and improvement of heating, lighting, power, and sewerage and water systems in connection therewith, $230,000: *Provided*, That not more than $10,000 out of this appropriation shall be expended for new construction at any one school or institution unless herein expressly authorized.

The amendment was agreed to.

The next amendment was, on page 40, at the beginning of line 1, to strike out "$12,000" and insert "$18,000," so as to read:

Haskell Institute, Lawrence, Kans.: For 850 pupils and for pay of superintendents, including not to exceed $1,500 for printing and issuing school paper, $170,000; for general repairs and improvements, $18,000.

Mr. SMOOT. I desire to offer an amendment to the amendment. After the figures "$18,000," in the committee amendment as proposed, I move to insert the words "to be immediately available." The reason for that is that they had a fire at Haskell Institute recently, and we propose to make the money immediately available in order to enable them to restore the buildings.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The READING CLERK. On page 40, line 1, after the figures "$18,000," insert the words "to be immediately available." so as to read:

For general repairs and improvements, $18,000, to be immediately available.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 43, line 2, to strike out "$10,000" and insert "$15,000," so as to read:

Chemawa, Salem, Oreg.: For 800 Indian pupils, including native Indian pupils brought from Alaska, and for pay of superintendents, including not to exceed $500 for printing and issuing school paper, $155,000; for general repairs and improvements, $15,000.

The amendment was agreed to.

The next amendment was, on page 44, line 2, to increase the appropriation for Indian boarding schools, from "$2,530,000" to "$2,541,000."

The amendment was agreed to.

The next amendment was, on page 49, line 3, after the word "For," to strike out "the relief of distress among" and to insert "general support and civilization of," so as to read:

For general support and civilization of the full-blooded Choctaw Indians of Mississippi, including the pay of one special agent, who shall be a physician, one farmer, and one field matron, and other necessary administration expenses, $10,500; for their education by establishing, equipping, and maintaining day schools, including the purchase of land and the construction of necessary buildings and their equipment, or for the tuition of full-blood Mississippi Choctaw Indian children enrolled in the public schools, $20,000; for the purchase of lands, including improvements thereon, not exceeding 80 acres for any one family, for the use and occupancy of said Indians, to be expended under conditions to be prescribed by the Secretary of the Interior, for its repayment to the United States under such rules and regulations as he may direct, $4,000; for the purpose of encouraging industry and self-support among said Indians and to aid them in building homes, in the culture of fruits, grains, cotton, and other crops, $8,000; which sum may be used for the purchase of seed, animals, machinery, tools, implements, and other equipment necessary, in the discretion of the Secretary of the Interior, to enable said Indians to become self-supporting, to be expended under conditions to be prescribed by the Secretary for its repayment to the United States on or before June 30, 1930; in all, $42,500.

The amendment was agreed to.

The next amendment was, on page 51, line 7, to increase the appropriation for expenses of administration of the affairs of the Five Civilized Tribes, Oklahoma, and the compensation of employees, from $150,000 to $165,000.

The amendment was agreed to.

Mr. KING. Mr. President, I should like to ask the chairman of the committee whether any provision has been made for the Indians in San Juan County, Utah, and San Juan County, Colo., particularly those who belong to the tribe that recently, it was alleged, was in revolt. The senior Senator from Utah is familiar with those Indian troubles. The contention was made at that time that these Indians had been deprived of the lands which they and their progenitors had occupied for centuries; that the whites had taken possession of the lands which belonged to them; at least, which they claimed; that the Government had given to the whites the title to the lands, and that the Indians were left without any support whatever from the Government.

I was in Utah at the time of the alleged outbreak and I remember telegraphing to the Indian Bureau and to the Secretary of the Interior. A promise was made that those Indians would be cared for; that they would be taken to some reservation or, at least, would receive an allotment of lands somewhere, so that they could be properly cared for. I should like to ask whether any steps have been taken to care for those Indians.

Mr. SMOOT. The only items for the Utah Indians, and I may say, also, for Colorado Indians as well, is an item of $3,000 for the Southern Utes and $15,000 for the Ute Mountain Indians. They are on the border line between Utah and Colorado. Those appropriations have nothing to do with the Paiutes in Utah, to whom the junior Senator from Utah refers. The other appropriations contained in the bill for Indians in Utah are—

Utah: Goshute (Goshute, $3,500; Paiute, $800; Skull Valley, $1,500), $5,800; Uintah and Ouray, $15,000;

I do not think there is any direct appropriation to take care of the Indians who were in trouble in San Juan County last year. I recall the disturbance that took place at that time; but there has been no estimate, I will say to my colleague, for an appropriation covering the matter to which he has referred, and there is no appropriation carried in the pending bill.

Mr. KING. Mr. President, I very much regret that the Indian Bureau did not bring this matter, as I understood it would, to the attention of the Budget Bureau; for here is a case, as I understand the facts, which calls for relief. A number of these Indians living on the border between Utah and Colorado, being a portion of the time in Colorado and a part of the time in Utah, have been crowded by the whites coming into that district from the lands which they formerly occupied. They have been driven out of the fertile lands, the lands along the streams, so they claim, into regions which, if not inaccessible, are not fertile and which do not afford them an opportunity of making a living. There have been outbreaks for a number of years because these Indians felt that they were being robbed of their lands. While the Government has been generous in caring for other Indians, it has done nothing for this tribe. It may be that they are the remnants of a number of tribes.

Only last summer it was alleged that Chief Posey, the head of the tribe, was leading a revolt. The marshal was sent from Salt Lake City upon a telegram, as I understood, from Washington, and there was a great deal of excitement over the alleged outbreak of the Indians. The result was that old Posey was killed. Whether or not others were killed, I do not now recall.

As I stated a moment ago, I telegraphed to the Interior Department and to the Indian Bureau insisting that some steps be taken suitably to care for these Indians. My own opinion is—and I tender it with a good deal of hesitation, because I do not have all the facts—that these Indians have not been properly and fairly and humanely dealt with by the Government. The Government has taken the lands which they occupied, has had a portion of them surveyed, and has disposed of them to white people. Cities and towns have been erected in

certain parts of the territory formerly occupied by these Indians and their forefathers for generations anterior to this time; these Indians, now few in number, are congested in little narrow gorges and are moving about because of their inability to make a living. No provision is made for teaching or educating them; no allotments, I have been advised, have been made of any lands to them; and they are vagrant and fugitive Indians.

Mr. FLETCHER. Mr. President, may I ask the Senator from Utah a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Florida?

Mr. KING. I yield.

Mr. FLETCHER. About how many of these Indians are there?

Mr. KING. My understanding is that there are somewhere between 100 and 200 of them remaining. It does seem to me, Mr. President, that when we so generously deal with other Indians we fail in our duty when we leave these Indians dispossessed of their property and without any means of support whatever.

I should like to ask some member of the committee whether the committee would object to an amendment to the pending bill which would authorize the Indian Bureau out of funds which it may have available, if it has any, to take care of these Indians, or whether an amendment would be permitted requiring the Indian Bureau to allot to these Indians on the Government domain in some suitable place—not some arid waste or some mountainous district where they could not subsist—some lands susceptible of irrigation or of being farmed, so that they could at least partially support themselves, and then receive such contributions from the Government as the circumstances might require?

Mr. SMOOT. I beg the Senator's pardon. My attention was diverted for a moment.

Mr. KING. I asked the chairman of the subcommittee whether a point of order would be raised against a suitable amendment requiring the Indian Bureau to allot to these Indians suitable lands from which they might obtain a livelihood and to give to them such sums as may be necessary to save them from want and starvation?

Mr. SMOOT. Mr. President, I know the situation just as well as does my colleague, and I think the estimate ought to have come to Congress in the regular order. I will have to say to my colleague, however, that, notwithstanding my interest in an item of that kind and my knowledge as to its necessity, under the circumstances I would have to make a point of order against it.

Mr. KING. May I ask the Senator in charge of the bill, and particularly those members of the committee who are also members of the Committee on Indian Affairs, if they will take the matter up with the Indian Bureau with a view to having upon some future bill a provision engrafted that will deal with the situation before the adjournment of Congress?

Mr. SMOOT. If a regular estimate should come from the Bureau of the Budget, I have not any doubt but what the committee would consider it, and more than likely favorably; but I can not speak with certainty as to that. I will say to the Senator, however, that if it were possible for me to put it upon the bill, knowing the situation as I do, I should be glad to do it, but it is impossible.

Mr. KING. I appreciate the fact that it would be subject to a point of order, and I do not want to violate the rules of the Senate; but the exigencies are such, it seems to me, as to call for some quick action upon the part of the Indian Bureau to take care of this problem, because there may be another emeute; we are apt to have another outbreak, because those Indians resent what they conceive to be the harsh treatment of the Government toward them.

Mr. CURTIS. Mr. President, the Government has frequently taken care of such bands of Indians, and I suggest that if the Senator will write a letter to the chairman of the Committee on Indian Affairs I am sure the committee will take the question up with the department in the hope of securing from them some recommendation.

Mr. KING. I shall be glad to accede to the suggestion of the Senator from Kansas.

Mr. FLETCHER. Mr. President, the matter I am about to bring up is rather out of order, but we can dispose of it very quickly. I ask the Senator in charge of the bill to turn back to page 47, where, between lines 21 and 22, there is an item appropriating $10,000 for the Seminole Indians of Florida. I offered an amendment to make that $20,000.

The situation there is—and I will be very brief—that $10,000 will not do for these Indians what is considered, especially by those familiar with the situation there, to be the proper and just and the advantageous thing for the Government as well as for the Indians. For instance, the Indian agent is Capt. Lucien A. Spencer, who was a chaplain in the service during the World War. He is a most admirable man, thoroughly in love with the Indians, and desirous of doing what will be for their well-being. He was out of pocket some $1,200 last year for items which were not covered by the appropriation; and yet he has kept on looking after those Indians. He has recommended very strongly that the Government ought to allow him $2,000 for the purchase of hogs, in order that the Indians may grow hogs and thereby, in a way, become self-supporting, and also an item of $3,000 for the purpose of purchasing some cattle, in order that they may raise cattle, his idea being to teach the Indians to be self-supporting and give them an opportunity.

They have a reservation provided by the State and by the Federal Government together ample to accomodate them. There are some 650 of these Seminole Indians. At the close of the Seminole War they were ordered out to Indian Territory, and they never could be persuaded to go. They insisted on staying there. If they had gone out west, some of them would have been vastly rich now and greatly improved in their circumstances; but as they were pressed to go they got farther back into the Everglades, where they were out of reach of all civilization, and they lived for years by fishing and hunting and selling alligator skins and bird plumes and that sort of thing. Now the Everglades are being reclaimed, and their old hunting grounds are being taken away from them, the game is being taken away from them, and they need help.

Captain Spencer not only looks after them as to their physical needs, but he provides them with medical attention and school facilities and that sort of thing. It is a great pity that he can not be allowed enough to enable him to lay the foundation for their self-support, to purchase for them a few hogs and a few cattle, and let them raise these hogs and cattle on their reservation. I have offered an amendment to make this $20,000 instead of $10,000. I presume it is subject to a point of order.

Mr. SMOOT. I want to call the Senator's attention to the fact that in 1922 the appropriation was $8,000; in 1923 it was $7,000; in 1924 it was $7,000; and the House and the Senate committee agreed to an increase to $10,000. That estimate for $10,000 was sent up, I think, for the very reasons named by the Senator; but we only had an estimate for $10,000, and we granted an increase in this appropriation of $3,000 over the existing law.

Mr. FLETCHER. Over the previous appropriations.

Mr. SMOOT. Over the appropriations for the two previous years, and $2,000 over 1922.

Mr. FLETCHER. I realize that. Those appropriations have been too small. I should be very willing to trade with the Senator, and make it $15,000.

Mr. SMOOT. I should like to accommodate the Senator, but I can not do it.

Mr. FLETCHER. Then I can not say any more. The Senator assures me that there was no estimate beyond the $10,000.

Mr. SMOOT. No; there is no estimate above the $10,000. We gave every dollar of the estimate.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 54, line 15, to reduce the appropriation for support and civilization of Indians at the Klamath (Oreg.) Agency, etc., from $125,000 to $110,000.

The amendment was agreed to.

The next amendment was, on page 55, at the end of line 2, to reduce the total appropriation for support and civilization of Indians under the jurisdiction of certain agencies, etc., from $1,275,800 to $1,260,800.

The amendment was agreed to.

The next amendment was, on page 59, after line 13, to strike out:

For one-half the cost of the construction of a bridge across the Washita River within the Kiowa Indian Reservation, Okla., on the road between the agency and the Riverside Boarding School, not to exceed $8,000, from the tribal funds of the Kiowa, Comanche, and Apache Indians, under such rules and regulations as the Secretary of the Interior may prescribe; to be available only when the proper authorities of Caddo County, Okla., shall have provided funds to defray the remainder of the cost of said bridge.

The amendment was agreed to.

The next amendment was, on page 59, after line 22, to insert:

For the construction of steel bridges across the Rio Grande within the Cochiti and San Juan Pueblo Indian grants, New Mexico, under the direction of the Secretary of the Interior, $82,200 (reimbursable).

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Reclamation," on page 66, line 14, after the word "operations," to strike out "$765,000, of which not to exceed $250,000 may be expended for the construction of a hydroelectric power plant at the siphon drop on the main canal: *Provided*, That no part of said sum of $250,000 shall be expended until contracts have been entered into by a majority of the water-right applicants and entrymen, for the lands to be charged with the cost of said hydroelectric power plant in the manner provided by section 4 of the reclamation extension act approved August 13, 1914 (38 Stat. L., p. 686), wherein said water-right applicants and entrymen shall agree to repay the cost of said power plant chargeable against their lands, in 12 equal annual installments, commencing December 1, 1925," and to insert "$515,000," so as to make the paragraph read:

Yuma project, Arizona-California: For operation and maintenance, continuation of construction, and incidental operations, $515,000.

Mr. ASHURST. Mr. President, on page 66, beginning after the word "operations," in line 14, and down to and including line 1 on page 67, appears a Senate amendment. The amendment is so vital that I am obliged to discuss it; but I will reduce my remarks to all possible compactness, and I assure the chairman that I certainly do not wish to delay this bill.

First, I must correct an error which I made in my speech—or my tangential outburst, as I prefer to call it—on February 11 regarding this item; but I can make the correction with more facility by reading a letter I have received. The error arises only from the circumstance that I said that the Southern California Edison Power Co. had caused this amendment to be stricken out. I miscalled the name of the company. It was the Southern Sierra High Power Co. The letter is from Mr. B. F. Fly, president of the Yuma Mesa Unit Holders' Association, at Yuma, Ariz. It reads as follows:

WASHINGTON, D. C., *February 12, 1924.*

HON. HENRY F. ASHURST,
United States Senator from Arizona, Washington, D. C.

MY DEAR SENATOR: I was gratified this morning to read the Senate proceedings of yesterday in the CONGRESSIONAL RECORD and to see that you so vigorously took exception to the elimination by the Committee on Appropriations of the $250,000 item for the construction of a power plant at Yuma for the benefit of Yuma project and the Yuma Mesa auxiliary project.

Permit me, however, to call your attention to the fact that instead of it being the Southern California Edison Co. directly interested in the elimination of this item, which proposes a Government-owned power plant at Yuma, that it is the Southern Sierra High Power Co., which, I am told, is largely owned and dominated by one of your fellow Senators.

Yuma is at the very tail end of this Southern Sierra Power Co. line, which is reputed to be the longest high-power line in the world, it being something like 600 miles in length. This company was induced to extend its power line from Andrade, Calif., where the Imperial Valley irrigation district has its intake, to the city of Yuma, by Messrs. E. F. Sanguinetti and Frank L. Ewing. This company at the time the 15-year contract was entered into granted to Sanguinetti & Ewing the exclusive use for the Yuma territory of all the electricity generated by the Sierra company's line; however, Sanguinetti & Ewing permitted this contract to be changed so that the local power, water, and light company in Yuma could obtain its power for city purposes under the same terms and at the same price that the power was furnished to Sanguinetti & Ewing; this, as my recollection serves me, was 2 cents per kilowatt hour for the first 100,000 kilowatts, 1¾ cents per kilowatt for the next 100,000 kilowatts, 1½ cents per kilowatt for the next 100,000 kilowatts, and 1¼ cents per kilowatt for all over and above that amount, Sanguinetti & Ewing practically putting up a cash bond guaranteeing that they would consume not less than $2,000 worth of electric energy per month. After this contract had been in force for two or three years the Southern Sierra High Power Co. made application to the rate-fixing board in California, known as the State Railway Commission, for an increase in the price fixed in the contract, alleging, as I understand it, that they were not making sufficient profit to maintain their line to Yuma. This rate-fixing board, notwithstanding the written contract, raised the rate to 2.6 cents per kilowatt for the first 100,000 kilowatts and then graduated in the same ratio down to the lowest figure.

In the meantime Sanguinetti & Ewing had gone to tremendous expense in erecting high-power lines all over Yuma Valley and to Yuma Mesa. All our cotton gins were induced to electrify their plants, but when this abnormal raise in prices came, contrary to the contract, all the gins and other institutions that were using electricity for power canceled their contract with Sanguinetti & Ewing.

I merely state this incident to show you the greedy proclivities of the Southern Sierra High Power Co.

When the Reclamation Service erected the power plant to pump the water from the east main canal to "my beloved Yuma Mesa," it was necessary, of course, to obtain power for pumping purposes from the Sierra High Power Co. through Sanguinetti & Ewing. My offhand impression is that the Reclamation Service is furnished this power at cost, plus a certain percentage, but even that figure makes electric energy so expensive that this last year it cost all of us who own land on the Yuma Mesa $15 per acre for operation and maintenance, the greatest item of which is the cost of electric energy furnished by the Southern Sierra High Power Co. through the local firm above referred to. Fifteen dollars per acre for pumping water onto citrus-fruit lands makes it so burdensome that the Government itself through its Reclamation Service realizes that Yuma Mesa, which you know is the only frostless district in the United States, could not be successfully maintained under this high cost for electric energy to pump the water necessary to irrigate those lands. It was, therefore, determined by the Reclamation Service to erect a power plant at what is known as the siphon drop where, ever since the construction of the Yuma project, 1,100 horsepower has been daily going to waste. The reclamation officials figured that this power plant, to cost in round numbers $250,000, would generate enough electricity not only to lift the water onto the Yuma Mesa, pump all the drainage water out of the valley, but would also furnish sufficient electric energy to run the Reclamation Service machine shops on the Yuma project. It was estimated that this plant would pay for itself within six years, and thereafter it would be a perpetual source of income to the Yuma project, and by furnishing its own power would reduce the cost of pumping water onto the mesa by at least one-half.

You can therefore readily see why those interested in the Southern Sierra High Power Co. line that is now furnishing this electric energy at such an abnormally high cost are objecting to the Government erecting a $250,000 plant, because it takes just that much profit away from this grasping, greedy corporation.

I think if you will refer to the records in the hearing before the House Committee on Reclamation a couple of years ago you will find where one of your fellow Senators admitted that he was one of the owners of this company, and I, therefore, congratulate you on calling the attention of your fellow Senators, as you mildly put it, to the probability that the power companies had this item stricken from the bill. I would consider it an outrage if this item were ultimately eliminated from the Interior Department appropriation bill. It is one of the most just items in that entire bill, and I trust you will exercise your every energy in seeing that this item is finally adopted by the Senate.

It was first asked for by the people of Yuma themselves; it was asked for by the project manager of the Yuma project; it was recommended and estimated for by the Director of the Budget; it was recommended by the Department of the Interior, and the item passed the House of Representatives by a unanimous vote, plainly indicating that they appreciated the necessity for this appropriation.

With highest consideration.

Faithfully yours,

B. F. FLY,
President Yuma Mesa Unit Holders' Association.

That letter, I think, is a fair résumé. I read from the hearing before the House committee on this bill:

For the year 1924 users of electric current on that project will pay for electric current $48,800, approximately; for 1925, $57,000; for 1926, $66,000; for 1927, $78,000; for 1928, $78,000; for 1929, $78,000; for 1930; $78,000; whereas if this advance were made, so that requisite electric current could be generated by the project, the savings would be as follows.

I again read from the testimony of Mr. Weymouth, the engineer for the Reclamation Service, than whom there is no more able public servant, who said:

The savings which could be effected by building the siphon drop power plant—

That is, by building this hydroelectric power plant—

are estimated as follows:

1924	$31,100
1925	40,000
1926	49,000
1927	53,000
1928	53,000

And down through the subsequent years the saving would be about the same, so says Mr. Weymouth; and the entire cost of the proposed power plant would be covered by the savings in six years. Hence there can be no doubt as to the desirability of installing this power plant at the earliest date, provided suit-

able contracts can be entered into guaranteeing the return of the cost. Mr. Weymouth further says:

The Mesa unit of the Yuma project is not able to finance the construction of the power plant and there appears to be no way to secure funds for its construction unless they can be secured from the reclamation fund. To do this it will be necessary to have some guaranty as to payment. The following plan is suggested:

(a) The Yuma project to vote supplemental construction, build the plant, and operate it.

(b) The Yuma project to receive power at net cost.

(c) The Mesa to pay a fixed rate in excess of actual cost for power received; say, 2 cents per kilowatt hour.

(d) The net returns from power used by the Mesa to be applied to the repayment of construction cost.

(e) The gross returns from sale of surplus power to be applied to reduction of operating costs until fully covered, then to repayment of construction cost.

Mr. President, I assert that if this amendment proposed by the Senate committee is agreed to it will be a flagrant disregard of public right, will be an injustice upon a community which is already making a brave effort to sustain itself.

Senators will not forget that what is usually the third largest river in the United States, and at times the second largest—the Colorado—debouches into the Gulf of California about 105 miles below this project; that that is a temperamental and erratic river, most flashy in its performances. Yet there is the Yuma project on the bank of the river, and this project has been required to hold in a fixed channel the mighty sweep of those treacherous waters, for when the aggressive cutting edge of the river begins to eat into the sand, like a mighty giant with steel claws, it digs the banks away and overwhelms, destroys, and carries away rich farms which represent the results of many years of hard labor and rigid economy on the part of the people of that community.

Yet those people at Yuma have made a titanic effort to control that river, and they have measurably succeeded. I am bound to say that the Reclamation Service has extended all the help within its power. Every energy at the command of the Reclamation Service has been employed in times of danger to assist in holding that raging river in check. The waters to irrigate by gravity are taken out of the river about 14 miles above Yuma on the west side of the river; flows down the side of the river in a large canal; is then siphoned under the river, and at the siphon there is a 10-foot drop, at which point it is proposed to generate hydroelectric power for the project and to pump water to irrigate the mesa, to drain the valley, and to take care of the other needs and requirements of the project so far as electric current is concerned.

The company which I mentioned before, the Southern Sierra High Power Co., has been and is now delivering this electric current. I am not complaining because the Southern Sierra High Power Co. or one of its subsidiary or allied companies delivers the current. I am not complaining. They had a right so to do. I do not make that feature a matter of complaint, because it is a subject in which both sides were agreed, and say in passing that the current was furnished and delivered at an extraordinarily high price.

The landowners and water users of the Yuma project perceive an opportunity to generate hydroelectric power and to get relief from high rates for current charged by this Southern Sierra High Power Co. and its allied companies by building their own hydroelectric power plant. They have asked for an advance of $250,000. It was estimated for by the Director of the Budget; it was estimated for by the Interior Department; it passed the House of Representatives; Senate hearings were held. A stenographer was present to take down most of the hearings, but as soon as they reached this item the stenographer was strangely absent. I do not know what the reasons were. It was unfortunate that the stenographer lifted his pen just as this item was reached, because if the statements had been reported I would have had some of the reasons for eliminating this item, and I would have been able at least to know what was in the minds of the committee when they eliminated this item.

Now, one of the stockholders of the Southern Sierra High Power Co. sits on the Appropriations Committee. I want to ask him how he voted on this item?

Mr. PHIPPS. Certainly; I voted to cut this item out.

Mr. ASHURST. That is what I thought; and thereby you put money into your own pocket.

Mr. PHIPPS. But——

Mr. ASHURST. There is no "but" about it. When you voted to cut it out you voted to put money into your own pocket and to deprive the farmers of the valley there of the right to have their own power plant. You should have said, "I refuse to vote."

Mr. PHIPPS. I warn the Senator not to impute motives.

Mr. ASHURST. I do not care anything about your warnings.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. ASHURST. Yes; I yield to the Senator, if he wishes to ask me a question.

Mr. PHIPPS. I wish in my own time to make a full and complete statement.

Mr. ASHURST. The Senator had better call it a confession.

Mr. PHIPPS. It will not be. It will be a statement that I shall be proud to make on the floor of the Senate.

Mr. ASHURST. There is such a thing as being above pride and below pride.

Mr. PHIPPS. Yes; there is. I came to the Senate, Mr. President, without one pledge or promise outstanding. I have held my place here, I believe, devoting my time to the service of my country. I have never been approached by any individual or company or the representative of a company improperly, nor have I been at any time asked how I should vote, nor has an attempt been made to induce me to favor any particular measure. I sat as a member of this committee, as was my perfect right. The committee did not have any hearing on this particular item at the time it was first considered and no communication whatever had been received from the Southern Sierra Power Co. The chairman of the subcommittee, the Senator from Utah [Mr. SMOOT], and myself both noticed in the bill this item for a power plant, and also an item for a power plant in the Boise (Idaho) project, together with one or two items that were units or projects already under way, and it was beyond question the sentiment of the committee that no new expenditures should be authorized until after the report of the fact-finding committee is available for the Department of the Interior and for our committee.

Mr. President, reference was made in the letter which the Senator read—I did not catch the name of the man who signed the letter——

Mr. ASHURST. Having said what I have, I feel under obligation to him to yield to the Senator, but I do not want indefinitely to prolong my remarks. The letter is signed by Mr. B. F. Fly, president of the Yuma Mesa Unit Holders' Association. I know Mr. Fly. I may not agree with him on some public questions, but I have no reason to doubt that his statement is fair and accurate.

Mr. PHIPPS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator declines to yield.

Mr. ASHURST. Let me say a word so this controversy will be reduced to the narrowest limit. I do not make it a matter of criticism that the Senator is interested in any power company. He has the right to be interested. I do not make it a matter of criticism that the Senator as a Senator is interested in power companies. He has the right to be. I would be a fool to pretend any criticism for that reason. The objection which I level—and I believe when the Senator reflects he is bound to see the force of it—is that it does not become a Senator who is a stockholder in a power company, be it large or small, when legislation is brought out that creates electric energy that would come into competition with the energy which is furnished at high prices by the company in which he is interested, to vote on the question. That is my criticism.

Mr. PHIPPS. Mr. President, will the Senator yield?

Mr. ASHURST. I want to ask the Senator now if he did not testify before the House committee a year or so ago——

Mr. PHIPPS. I did.

Mr. ASHURST. That he was a stockholder in those companies?

Mr. PHIPPS. I did.

Mr. ASHURST. I have a right to make it a matter of criticism that he sat on a committee and voted to prevent appropriations the result of which would raise up an agency in competition to his own business affairs.

Mr. PHIPPS. Mr. President——

The PRESIDING OFFICER. The Chair desires to read this part of Rule XIX, so that Senators will govern themselves accordingly:

No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

Mr. ASHURST. I am glad the Chair read the rule. I would not have known it if he had not read it. I thank the Chair. I want the Chair to hold me to a strict account for what I say. I am not going to say anything unparliamentary. If I do say something unparliamentary it will be true no matter how unparliamentary it may be.

Mr. PHIPPS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Colorado?

Mr. ASHURST. I do.

Mr. PHIPPS. On the first point, I said I voted for it. I did in this way——

Mr. ASHURST. That is, the Senator voted for the amendment?

Mr. PHIPPS. I voted to strike it out in this way. I want to explain how the subcommittee acted. The subcommittee had the House hearings, from which the Senator has read, and considering the item they said it was unwise at this time to appropriate $250,000 for the power plant. There was no definite vote taken. It was a consensus of opinion, the unanimous opinion of the subcommittee that it should go out. It was so reported to the whole committee, and it went out.

I believe, Mr. President, that I am fair minded enough to know when any vote of mine might possibly be affected by any property interest which I may have. I think that I am conscientious enough to refuse to vote on any question where I think there might be a suspicion of my being influenced by any property possession of mine. I felt that it was my duty to go with the committee in this matter of eliminating the item at this time for various reasons which I shall discuss in my own time. However, I want to say this——

Mr. ASHURST. I yield further.

Mr. PHIPPS. With reference to the point that I appeared before the House committee a year ago and admitted that I was interested as a stockholder in the holding company of which the Southern Sierra Power Co. is a subsidiary—yes, I appeared before the committee on request. It was with relation to the erection or the building of a dam at Boulder Canyon. My testimony was taken as being opposed to the proposition until other dam sites farther up the river had been developed. Then the question was put to me, "Are you a stockholder or interested in one of these power companies?" I admitted that I was. I do not recall the exact wording of the testimony, but I think the question came up as to whether or not the power company was opposed.

My reply, if the Senator will look up the testimony, was, in effect, that if the dam was constructed at Boulder Canyon it seemed to me it would be greatly to the benefit and to the interest of the power company in which I was interested, because it had a restricted output and would thus have additional low-price power available, which it could purchase and deliver to its customers. In other words, I appeared before that committee opposing a project which, apparently, the company in which I was interested was opposing but which, as a matter of fact, it was not opposing and never has opposed, so far as I am aware, and which, as a matter of fact, would greatly benefit it and will benefit it when it is constructed.

Mr. ASHURST. I am not challenging what the Senator said, but I read from the hearings of June 28, 1922, on House bill 11449. I read from the bottom of page 192:

Mr. HAYDEN—

Mr. HAYDEN is a Representative from Arizona—

Would you object to my asking you a personal question at this time?

Senator PHIPPS. No.

Mr. HAYDEN. I have been told that you have considerable financial interest yourself in the California power companies. Is that true?

Senator PHIPPS. I am interested and have been for years in one of the smaller companies out there and in a company that, by the way, has furnished hydroelectric power to the Imperial Valley.

Mr. HAYDEN. What company is that?

Senator PHIPPS. The Nevada & California Electrical Corporation. I think they furnish the Imperial Valley with current through one of their subsidiaries, either the Holten Power Co. or the Southern Sierra Power Co. I am not familiar with the details of the business, because I have no part in the management; but it goes without saying that having established distribution lines in there any further development of hydroelectric power in that neighborhood would put that company in an ideal position, as it would benefit through being allotted its proportionate share of the hydroelectric power developed.

Mr. SWING—

He is a Representative from California—

You are short of power now, are you not?

Senator PHIPPS. I do not think so.

I will compact my argument as best I may. Here is an irrigation project trying to control the Colorado River, and which has done so with a measurable degree of success. Here are the people paying around 2.64 cents per kilowatt hour for hydroelectric current. Here they are paying $48,000 one year; $58,000 another year; $68,000, $78,000, and so on in the future for hydroelectric power. I again assert that up to this point nobody has done anything of which complaint can be made.

The Senator from Colorado seems to think that I am indignant because he has some stock in a power company. Not at all. It is no concern of mine or anybody's else how much his company—whether his holdings are small or large—charges for current; but when those farmers who are making a great effort to reduce their expenses and pay the Government what they owe to the Government, try to secure a hydroelectric plant under and by which they would save enough in six years to pay for that plant, and then own the plant besides, the Senator from Colorado, sitting as a member of the committee, votes against them. I say—and I hope, Mr. President, I am not unparliamentary, because the Chair is familiar with the rule, and if what I say transcends the rule I stand corrected.

Mr. BORAH and Mr. DIAL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Arizona yield; and if so, to whom?

Mr. ASHURST. I yield to the Senator from Idaho. I think he rose first.

Mr. BORAH. There is one fundamental principle underlying this contest which I think we ought to accentuate, and that is the question of developing power by the Government as it comes in conflict with the furnishing of power by private corporations.

Mr. ASHURST. That is a very valuable contribution to the discussion. I am glad the Senator mentioned it.

Mr. BORAH. We are really meeting that important issue in these two particular items. I am just as much concerned in seeing the Government go ahead and develop its power as I am in favoring particular enterprises which may be involved in this controversy.

Mr. ASHURST. I believe that. I now yield to the Senator from South Carolina.

Mr. DIAL. I merely wished to inquire of the Senator as to what use this power is put?

Mr. ASHURST. The power is required on the Yuma project for three particular purposes. One is for the headquarters camp, where the machine shops are located. Another is for the valley drainage. Irrigation is not only a matter of putting water on the land, but you must drain it. The other is for a pumping plant. There is a mesa of 45,000 acres, about 3,200 acres now being irrigated, of very rich soil, and water must be pumped up there. It requires hydroelectric power to do that.

Mr. NORRIS. Mr. President, may I interrupt the Senator just at that point?

Mr. ASHURST. I yield.

Mr. NORRIS. I have been out of the Chamber and have not heard all the Senator has said, and if I am asking a question which the Senator has covered I hope he will excuse me, and I will not ask him to answer it.

Mr. ASHURST. I am very glad to answer the Senator's question in any event.

Mr. NORRIS. Where is this power plant located?

Mr. ASHURST. The Laguna Dam is built across the Colorado River about 14 miles above Yuma. The water is diverted onto the western or California side of the river. It flows parallel to the river in a large canal on the western or California side, whence it goes under the river in an immense siphon and is then spread upon the land on the Arizona side of the river. Before it reaches the siphon there is a drop of 10 feet. It is proposed, and the engineer of the Reclamation Service, Mr. Weymouth, a competent man, gives it his approval, and other Government engineers give it as their judgment that at that siphon drop a great quantity of hydroelectric power could be generated and the project be able to reduce its kilowatt charge about one-half, and at the end of six years it would not only repay to the Government the $250,000 but the project would own its power plant as well.

Mr. NORRIS. It is proposed that the Reclamation Service install a hydroelectric plant at this siphon?

Mr. ASHURST. At the siphon drop, 4 miles above the siphon.

Mr. NORRIS. That is a part of the reclamation project or would become such?

Mr. ASHURST. Yes.

Mr. NORRIS. The Senator's proposition is to appropriate money out of the reclamation fund?

Mr. ASHURST. It is.

Mr. NORRIS. To be repaid like any other part of the fund?

Mr. ASHURST. It is to be repaid and will be repaid in six or seven years.

Mr. NORRIS. That was in the bill and has been stricken out?

Mr. ASHURST. This item was recommended by the Secretary of the Interior, it was recommended by the Director of the Budget, it was recommended by the House committee, it passed the House, and it was stricken out by the Senate Committee on Appropriations.

Mr. NORRIS. If the Senator will permit me, while the installation of that kind of a plant is new to me, I am familiar with the details to which the Senator has referred. I have seen the siphon; I have been there and know where the water goes in and under the river and out again. I have been all over it. However, I wanted to get an understanding as to just what they propose to do. I was not aware of that. I think the Senator has made that clear, but I wanted to know whether this was simply a part or would become a part of the Reclamation Service project, and that is how it happens to be in an appropriation bill.

Mr. ASHURST. It is an improvement on that project.

Mr. NORRIS. Exactly.

Mr. ASHURST. After it is paid for it would belong to the landowners and water users there.

Mr. NORRIS. Yes; I understand.

Mr. ASHURST. I feel it my duty at this particular time to indicate just how this project has struggled and how faithfully they have repaid the Government. I will premise by saying that if certain foreign governments which owe the United States large sums of money would only repay the United States with one-half the celerity that these irrigation projects do we would need have no concern.

Mr. DIAL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield?

Mr. ASHURST. I yield.

Mr. DIAL. Does not the Senator think it is time the foreign governments began to get a little busy?

Mr. ASHURST. Yes; but I do not want to get off on that subject.

Now, as to the value of the crop each year on that project, I will say that in 1917 the value of the crop was $3,752,000; in 1918 it was $5,105,000; in 1919 it was $7,012,000; in 1920 it was $3,328,000; in 1921 it was $2,098,000; and in 1922 it was $2,682,000.

The number of acres cultivated last year was 55,000.

Now, as to its finances. Of the contract payments there have become due from this project to the Government the sum of $1,155,000. That is the amount that is due or which has become due. Bear in mind that all the Government has ever asked this project to repay up to date is $1,155,000; and how much has it repaid? It has repaid $1,081,000, leaving unpaid but $74,000. That, in my judgment, is a superb showing on a project that must hold in check the most erratic, the most dangerous river in the United States. It has been done wholly by these farmers, with the assistance of the Reclamation Service, and because, forsooth, they have asked the Government to advance them $250,000 to build a hydroelectric power plant they are not met by open argument in a committee.

Mr. BORAH rose.

Mr. NORRIS. May I again interrupt the Senator?

Mr. ASHURST. I think the Senator from Idaho first rose. I will yield to him, and then I will yield to the Senator from Nebraska.

Mr. BORAH. What would be the difference in the charge or price?

Mr. ASHURST. I will try to state the difference in price. I will read not my own figures but the figures found on page 817 of the hearings on this bill before the subcommittee of the House Committee on Appropriations, of which Representative CRAMTON, of Michigan, was the chairman. It is shown there that the unit price—I presume that is a fixed figure for a unit of hydroelectric power—would be, for 1924, 2.68 cents per kilowatt hour. If this power plant were in operation for the year 1924, the charge would be 0.94 cent per kilowatt hour. I repeat that for the year 1924 the charge is 2.68 cents per kilowatt hour, while under the hydroelectric power project, which it is proposed to build, it would be only 0.94 cent an hour, and that scale is maintained all the way through. In dollars the figures are as follows: For the year 1924 they would pay for electric current $48,800, while under the project proposed to be built they would pay, for 1924, $31,100. In 1925, at the rate of 2.62 cents per kilowatt hour, they would pay $57,000 for current; but if we can get this item put into the bill they would pay only $40,000 for that year. In the year 1926 they would pay $66,000 for hydroelectric energy, but if we can get this item put into the bill for the construction of this hydroelectric plant, they will pay but $49,000, and so on down. So, within six or seven years they would save enough money to pay for the project and, besides, would own the project.

Mr. NORRIS. Now, Mr. President, may I interrupt the Senator?

Mr. ASHURST. Yes.

Mr. NORRIS. I wish to ask the Senator two questions: First, did the amendment which is stricken out propose to supply this fund differently from the way in which any other fund is supplied in the Reclamation Service?

Mr. ASHURST. No; I do not perceive any difference in the way in which it is to be supplied. However, I would better confine myself to the statement which was made by the Reclamation Service in reference to this subject, and I will read it to the Senator. This is Mr. Weymouth's statement which I have before me and is found on page 817. Mr. Weymouth says:

> Since the entire cost of the power plant would be covered by the savings in six years, there can be no doubt as to the advisability of developing this site at the earliest possible date, provided suitable contract can be entered into guaranteeing the return of the cost.

That is, to the Government.

Mr. NORRIS. The Senator from Arizona has answered my question. It appears that in this instance the project will be carried on in the way all other reclamation projects are conducted. In other words, this is in no sense a gift?

Mr. ASHURST. None whatever.

Mr. NORRIS. But it is to be used the same as any other moneys appropriated and used in any reclamation project?

Mr. ASHURST. Yes.

Mr. NORRIS. The next question I wish to ask, and which seems to me very important, is this: Is there any claim made that this improvement can not be installed for the money estimated?

Mr. ASHURST. I will answer the Senator with frankness. I have been told that one of the objections lodged against the item is that a hydroelectric power plant can not be installed on a 10-foot drop. As to that I do not know; I am not sufficiently familiar with hydroelectric power plants to say, of my own knowledge, that a drop of 10 feet would generate the power which it is hoped to generate. However, engineer after engineer, expert after expert, has testified with reference to the matter. I say here that Mr. Weymouth is an engineer upon whose sagacity and judgment I have learned to depend and whom I trust, and shall read his statement. He gives it as his opinion that the power plant could be installed there and the power generated.

Mr. NORRIS. Do any of the engineers contradict that statement or take an opposite view?

Mr. ASHURST. There has been no such contradiction of record that I have found.

Mr. NORRIS. Who has said or claimed that it could not be installed because of there being only a 10-foot fall?

Mr. ASHURST. I think I ought to tell the Senator that I have heard that it might be argued that a 10-foot drop would not generate sufficient power. That is the only argument of which I know.

Mr. NORRIS. The generation of hydroelectric power depends on two things—one is the distance of the fall and the other is the volume of water that falls. If a sufficient quantity of water could be made to drop 10 feet enough power could be generated to turn the earth around on its axis.

Mr. ASHURST. I agree with the Senator.

It seems to me, Mr. President, that I have shown the necessity of this appropriation. I have shown that it was estimated for by all the experts; I have shown that the project not only agrees to pay back the money but that it has already established a magnificent record for paying back what is advanced by the Government.

I do not want to crush out private industry; do not misunderstand me; I want private industry to thrive; but by the same parity of reasoning and upon the same principle I do not want private industry, by crushing out all governmental operations, to have twice as much profit as it ought to take. That, in brief, is the case.

Mr. PHIPPS. Mr. President——

Mr. SMOOT. Has the Senator from Arizona concluded?

Mr. ASHURST. I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado first rose, and is recognized.

Mr. PHIPPS. I yield to the Senator from Utah.

Mr. LENROOT. Will the Senator from Utah yield to me for just a moment in order that I may have a notice read?

Mr. SMOOT. I yield.

Mr. LENROOT. I desire to give a notice, and ask that it may be read at the desk.

The PRESIDING OFFICER. The Senator from Wisconsin presents a notice, which the Secretary will read.

The reading clerk read as follows:

NOTICE OF MOTION TO SUSPEND THE RULES.

I hereby give notice that I shall move to suspend Rule XVI for the purpose of offering and having considered by the Senate the following amendments to House bill 5078, the Interior Department appropriation bill:

Page 102, after line 20, insert the following:

"For additions to medical school building, $370,000.

"For equipment for additions to medical school buildings, $130,000."

I. L. LENROOT.

Mr. SMOOT. Mr. President, as chairman of the subcommittee and as a member of the Appropriations Committee, I voted to strike out the proposed provision making an appropriation for the Yuma project in Arizona and California. I wish to tell the Senate why I took that action. In the first place, let me assure the Senator from Arizona that the thought that power was being furnished by private companies never entered my head. It was not a question of who was furnishing power; it was not a question as to rewarding any individual or company. The Secretary of the Interior, however, has appointed a fact-finding commission to make a thorough investigation into all of the reclamation projects under construction and those that have been constructed as well. I am informed that within a very short time their report will be submitted; but I know enough of it in advance to state upon the floor of the Senate that there are a number of projects that are hopeless as to their successful outcome, and if the Government of the United States continues to put money into such projects it is simply wasting money. There is one project covered by this bill as to which I told the committee—and I believe the statement with all my soul—it would be far better for the Government of the United States, rather than to continue its efforts, to say to the few settlers left upon that project, "We will give you this money to help pay you for what you have expended in trying to make the project a success," for it can not be successful in the end.

Mr. ODDIE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nevada?

Mr. SMOOT. I yield.

Mr. ODDIE. I ask the Senator from Utah to what project he refers?

Mr. SMOOT. Mr. President, I have not the time to go into them; there are more than one, I will say to the Senator.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. Yes.

Mr. NORRIS. It seems to me, while the Senator may be justified in not naming them, so far as this amendment is concerned, he ought at least to state to the Senate whether this is one of them.

Mr. SMOOT. I am coming to that Mr. President.

Mr. GOODING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. Yes.

Mr. GOODING. As the Senator from Utah knows so much about this matter and knows that there are projects which should not be carried on, he ought to give the Senate that information.

Mr. SMOOT. I am quite sure the Senator from Idaho knows.

Mr. GOODING. I do not know of any such project.

Mr. SMOOT. Of course, what I might tell the Senator as to a project in his own State would never have any effect upon him, but when that project comes up I am going to tell the Senate the truth about it. The only interest I have in this thing is to lay the situation before the Senate. I will say that as far as this project is concerned, the position I took was that I should strike out this amendment that was adopted upon the floor of the Senate, so that it could go into conference, with the hope that we would have a report upon this project from the fact-finding commission before the final action upon the bill. I want to say frankly to the Senator from Arizona, that that is my idea as to this project.

Mr. BORAH, Mr. DIAL, and Mr. GOODING addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I yield to the senior Senator from Idaho.

Mr. BORAH. May I ask who composes this fact-finding commission?

Mr. SMOOT. The former Governor of Arizona, Doctor Widtsoe——

Mr. ASHURST. Mr. President, will the Senator yield to me at that point?

Mr. SMOOT. Just as soon as I get the names.

Mr. BORAH. I want to say here, Mr. President, that I know who they are, but I think it is well that they go into the RECORD. We have here, however, the reports of engineers and other men who have devoted their lifetimes to the study of these questions, and people who are familiar with the subject through years of experience and observation, who have approved of these projects.

So far as I am concerned, while I have some considerable regard for the fact-finding commission, I do not propose to be bound by its ultimatum when it is delivered here. I think we are entitled to take into consideration those who have had infinitely better opportunity to judge, and infinitely better opportunity to study, and who knew something about the subject prior to the time when they got on the train to go out and look at it.

Mr. DIAL. Mr. President, I should like to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from South Carolina?

Mr. SMOOT. Yes; I yield.

Mr. DIAL. As I understand, this money is advanced by the Government without interest.

Mr. SMOOT. For 10 or 20 years, so the testimony shows.

Mr. ASHURST. Now, Mr. President——

Mr. SMOOT. Let me read the testimony, then. The Senator does not take my word for anything.

Mr. ASHURST. But does the Senator refer to the Yuma project? That is all I want to know.

Mr. DIAL. That is what I am asking about at this particular time.

Mr. SMOOT. Yes.

Mr. ASHURST. Then, why does the Senator say "20 years"?

Mr. SMOOT. Because Mr. Weymouth says "10 to 20 years."

Mr. ASHURST. He says "6 years," if the Senator will pardon me.

Mr. SMOOT. Let us see if it is 6 years.

Mr. DIAL. What I want to know is whether the Government is lending money without interest. If so, I should like to get some myself to develop some power with.

Mr. SMOOT (reading)—

Mr. CRAMTON. Just what is it that you propose? You are asking this money. Just what do you propose?

Mr. WEYMOUTH. My idea is that we should ask them to pay for it as supplementary construction after the end of the 20-year period.

Mr. CRAMTON. At the end of the 20-year period?

Mr. WEYMOUTH. Yes.

Mr. CRAMTON. To run on for 10 years, 20 years more?

Mr. WEYMOUTH. Yes.

Mr. CRAMTON. Without interest?

Mr. WEYMOUTH. Without interest.

Mr. ASHURST. Mr. President, from what page is the Senator reading?

Mr. SMOOT. From page 819 of the House hearings.

Mr. NORRIS. Mr. President, may I interrupt the Senator there?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. In a moment. I am not objecting even to that. I simply read this now in answer to the question of the Senator from South Carolina.

Mr. NORRIS. I understand that. I am not finding fault with the Senator, but I want to know whether that is not in accordance with the reclamation law.

Mr. SMOOT. As to the original expenditure; yes. I am not finding fault with that.

Mr. NORRIS. I am not, either. I simply wanted the Senate to know the facts. I will say, for the benefit of the Senator from South Carolina—who, I judge from his question, does not understand the status of this matter—that all reclamation projects are based on the proposition that the money shall be furnished by the reclamation fund and that it shall be paid back in installments, being completed in 20 years, without interest.

Mr. SMOOT. But I want to say to the Senator from Nebraska that Congress has acted upon that, and I do not think any criticism can be leveled at that at all.

Mr. DIAL. I think a good deal of criticism can be leveled at it.

Mr. SMOOT. As long as Congress has acted upon it, I am not going to stand upon the floor here and criticize it. That is a thing of the past.

Mr. NORRIS. The only object I had in view was to bring out the fact that the project would be built out of reclamation money and the reclamation law would apply to it. That is a law that we passed. Right or wrong, that is the law.

Mr. SMOOT. That is the law. When the reclamation projects were contemplated in the beginning, however, nobody anticipated that we were going to create a water power to lift water to irrigate land.

Mr. ASHURST. Mr. President, will the Senator yield at that point?

Mr. SMOOT. Yes; I yield.

Mr. ASHURST. The Senator from Utah is successful in many walks of life. Is he oblivious to the fact that in many of these projects hydroelectric power is developed as a by-product, necessarily, and it should be developed? The Senator knows that.

Mr. SMOOT. I know that a little such power is developed as a by-product.

Mr. ASHURST. A little?

Mr. SMOOT. Not for lifting water for irrigation purposes, however. That is what is the matter with the Idaho project. Who ever thought that it was possible to lift water 180 feet to irrigate land?

Mr. BORAH. Mr. President, who ever thought 50 years ago that it would be possible to irrigate a single foot of the desert out there where the Senator and I live?

Mr. SMOOT. Oh, well, a good deal of it was irrigated 50 years ago.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. SMOOT. I hope the Senator will allow me to proceed.

Mr. ASHURST. The Senator now says that all of a sudden we are trying to develop hydroelectric power on this project, as if that might be a matter of guilt. It would be a lack of efficiency, it would be poor business, to allow this potential power to go to waste; and it saves the farmer, it saves the Government, to have this power generated.

Mr. SMOOT. The Senator said it was 80 feet.

Mr. ASHURST. I did not say 80 feet.

Mr. SMOOT. One hundred feet, then. I think the Senator said, did he not, that he would lift it up a hundred feet?

Mr. ASHURST. Oh, on a mesa.

Mr. SMOOT. That is where you have to get the water.

Mr. ASHURST. But does the Senator deny that water can be lifted a hundred feet in this age of science, when we have made a whispering gallery of the skies, and have done things that formerly the wizard's wand would have found it impossible to do? Yet the Senator is talking about some difficulty in lifting water a hundred feet.

Mr. SMOOT. It is not a question of lifting water a hundred feet. That can be done, of course. It can be lifted a thousand feet. The only question is, What does it cost to lift it a thousand feet, and will it pay to lift it that high?

Mr. NORRIS. Mr. President, may I interrupt the Senator there?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. Yes.

Mr. NORRIS. It seems to me, as I look at it, that the particular item before us now is not a question of lifting water or whether we can lift it any distance or whether we ought to, but it is a question as to whether we should invest sufficient money to harness this water, running down hill and capable of generating electric power.

Mr. SMOOT. That is the only question.

Mr. NORRIS. What it shall be used for is a different thing.

Mr. SMOOT. And whether the project is going to be a success and whether it is possible to lift that water and make it so that it is profitable to the man who uses the water.

Mr. NORRIS. Yes; that would be true whenever you decide to lift it up to a higher elevation; but when you have your plant completed, with the water tumbling down into this big tunnel, the question as to whether it is possible to generate a lot of electricity there is aside from the question as to whether it is practicable to pump, by water, sufficient water to irrigate a mesa. That is a different proposition. If it is good business to develop this electricty which otherwise would go to waste, ought it not to be done without thinking what it is going to be used for? If it is used for irrigation afterwards, that will be another consideration. If it can not be applied practically for the use of irrigation, then use it for something else—to light their houses, to run their washing machines, and so forth.

Mr. SMOOT. Mr. President, I was speaking of the original intent of the act. The original intent of the act was to develop reservoirs to hold water, and from the reservoirs the water would be taken to the land by gravitation.

Mr. NORRIS. Yes. We did not think, probably, when we passed the act, that as a sort of by-product of this industry there would be opportunities for developing a great deal of hydroelectric energy. Now it develops, in a good many of the projects—not all of them—that in carrying this water from the storage reservoir to the place where it is to be used it drops in some places quite a distance; and the question arises, when that takes place, whether it is not good business, whether it is not efficiency, to get out of it all that we can, to make electric energy as the water goes down, without diminishing the quantity of water or injuring it in any way, and to use that electric energy for any practical purpose, whatever it may be.

Mr. GOODING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. Yes; I yield to the Senator from Idaho.

Mr. GOODING. The Senator refers to the lift of the Boise project as 185 feet.

Mr. SMOOT. No; I did not say 185 feet. I said that in part of it there would be a lift of 180 feet.

Mr. GOODING. But it is only a small part. The Senator did not mention the rest. He did not mention the average. The average lift on the Boise project which he mentioned is between 70 and 80 feet for all the land.

Mr. SMOOT. Mr. President, I know projects now that are trying to lift water 61 feet that can not make a go of it. I know that they have lost money right straight along in trying to lift it 61 feet. When you begin to lift water over that, or over 50 feet, you have to find out first what the expense of raising the water is going to be, and whether it is going to be profitable to the party who uses the water.

Mr. GOODING and Mr. ASHURST addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield, and, if so, to whom?

Mr. SMOOT. Mr. President, I was asked who are the members of the fact-finding commission. They are as follows:

James R. Garfield, of Cleveland, Ohio, Secretary of the Interior in the Cabinet of President Roosevelt, who is thoroughly familiar with reclamation problems;

Thomas E. Campbell, of Phoenix, Ariz., former Governor of Arizona and chairman of the Colorado River Basin project, 1921;

Elwood Mead, of Berkeley, Calif., engineer, member of American Society of Civil Engineers and British Institute of Civil Engineers, engineer of Wyoming 1888–1899, chief of irrigation and drainage investigations United States Department of Agriculture 1897–1907, chairman State Rivers and Water Supply Commission, Victoria, Australia, 1907–1915, consulting engineer for various irrigation works, and author of articles on irrigation and engineering subjects;

Oscar E. Bradfute, of Xenia, Ohio, vice president American Farm Bureau Federation 1920–21, and president of Ohio Farm Bureau Federation, member of the board of control of Ohio Agricultural Experiment Station;

Julius H. Barnes, of Duluth, Minn., president United States Chamber of Commerce;

Dr. John A. Widtsoe, of Salt Lake City, Utah, director Utah Experiment Station 1900–1905, president Agricultural College of Utah 1907–1916, president of International Dry Farming Congress 1912, and author of articles on dry farming and irrigation subjects;

Clyde C. Dawson, of Denver, Colo., lawyer, who has given much attention to irrigation law and irrigation subjects; and

Henry L. Myers, lawyer, former United States Senator from Montana; while Senator was a member of the Senate Committee on Public Lands and Surveys and is familiar with reclamation and its problems.

Those are the members of the fact-finding commission.

Mr. ASHURST. Mr. President, will the Senator yield at that point just for one suggestion?

Mr. SMOOT. Yes.

Mr. ASHURST. The Senator has read the list of members of the fact-finding commission. I have made no assault on them. On the contrary, the chairman of the fact-finding commission is ex-Governor Campbell, of my State. While he does not belong to my party—he is a member of the opposition party—it would be impossible to find anywhere a man of higher character or larger ability than ex-Governor Campbell. I am not making any strictures against the fact-finding commission, but I say to the Senator that the facts have been found already in this case. They have been found by engineers; and while I do not

know what the fact-finding commission will say on this matter, I have no doubt that they are bound to find that that project has paid back its money. They are bound to find that they are paying double prices for hydroelectric power. They are bound to find that they can generate power, under all expert testimony, for half the price they pay now.

So much for that. If I understand the Senator correctly, he says to wait, postpone, delay, until the fact-finding commission reports, although in the meantime the bill will be passed. The fact-finding commission possibly will not report for a month; the report will have to be digested, and this bill will be on its way toward eternity, and another $25,000 or $30,000 too much will be paid for this hydroelectric power. So I do not see the force of the Senator's argument that we must wait for the fact-finding commission.

Mr. SMOOT. I will tell the Senator, and then I think he will see the force of it.

Mr. GOODING. Mr. President——

Mr. SMOOT. Will the Senator allow me to answer this question? Then I will yield to him.

Mr. GOODING. Certainly.

Mr. SMOOT. I want to say to the Senator that my idea was, and I may add that I know it is the opinion of some of the officials of our Government, that upon the report of the fact-finding commission there will be recommended additional appropriations for the projects recommended by the fact-finding commission. I want to say to the Senator that I expect there will be a report favorable to projects I know of which are not in this bill, and I expect, before this session of Congress is over, that there will be legislation as a result of the report.

I think that is a fair answer to the Senator. I am just as deeply interested in the reclamation of the Western arid States as the Senator possibly can be.

Mr. ASHURST. I have not asserted to the contrary.

Mr. SMOOT. I know the Senator has not, but from the statements which have been made and from the questions which have been asked it might appear that I am not interested in the subject matter at all. The increases in this bill are nearly all for reclamation projects.

Mr. BORAH. Also the decreases.

Mr. SMOOT. Yes; one decrease.

Mr. GOODING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. Yes; I yield.

Mr. GOODING. I wish to say to the Senator from Utah that the fact-finding commission was not called into existence to pass on the question whether irrigation projects were practicable or not. It was called into existence to find the conditions which exist on the irrigation projects.

Mr. SMOOT. I think the Senator is wrong.

Mr. GOODING. To go further than that, a report made after a few short weeks of investigation can not be of any service to the country at all. It would take years to properly investigate the matter.

With regard to the lifts, the Senator speaks of some irrigation project where water is now being lifted 60 feet, but that it is not being done successfully. I want to call the Senator's attention to the fact that 1,600,000 farmers in this country who are in bankruptcy are not lifting water at all. They have not any irrigation projects at all. It may be true that there are some irrigation projects which are not very profitable where they are pumping water at the present time.

Mr. SMOOT. The only conclusion to be drawn from the Senator's statement is that even without lifting the water they are bankrupt, and that if you were to put an extra burden on them they would be successful.

Mr. GOODING. The Senator knows the condition of agriculture; at least, he ought to know it.

Mr. SMOOT. I think I do know it.

Mr. GOODING. He knows it is facing an impossible condition, and if it is continued his country and mine must go back to desert. It can not go on.

Mr. SMOOT. I want to continue on this project. I want to tell the Senator from Arizona why I took the position that this should go to conference. Let me say to the Senator that in the testimony before the House committee, on page 818, this occurred:

> Mr. CRAMTON. In this connection, Commissioner Davis, let me ask you this question. Of course, as to the Salt River project, we are not putting any more money into that. But I would like to ask you your opinion as to whether you consider that an insolvent project?
>
> Mr. DAVIS. The Salt River project?
>
> Mr. CRAMTON. Yes.
>
> Mr. DAVIS. No.
>
> Mr. CRAMTON. You have already said that you did not consider the Yuma an insolvent project.
>
> Mr. DAVIS. The Yuma project, of course, has its difficulties. There is a real menace in that river, and it might change the complexion of things in a few days. It would be pretty hard to say.

That was the testimony of Commissioner Davis, and nobody, even the Senator from Idaho, can claim that Commissioner Davis is not in favor of reclamation projects. Commissioner Davis recommended the projects in the State of Idaho. Commissioner Davis is back of taking over this private project known as the Gem project and making that now a part of the Boise project.

Mr. ODDIE. Mr. President——

Mr. SMOOT. I want to say to the Senator that with a statement of that kind from the Commissioner of the Reclamation Service, is it any wonder that the committee would hesitate a moment and say, "Should we not have a report from the fact-finding commission before we decide?"

Mr. ASHURST. Since the Senator has addressed a question to me——

Mr. SMOOT. I will say to the Senator that the Senator knows this is a House provision, and he knows that if the House insists upon that to the end it will go in.

Mr. ASHURST. The Senator asked me a question. Will the Senator yield to allow me to answer it?

Mr. SMOOT. Yes.

Mr. ASHURST. The Senator read correctly what appears on page 818, but I read this:

> Mr. CRAMTON. You have already said that you did not consider the Yuma an insolvent project.

Mr. SMOOT. Yes.

Mr. ASHURST. Two negatives, of course, amount to an affirmative. He said, in effect, "I do consider it a solvent project"; he does not consider it an insolvent project. I am not complaining of the Senator's reading. I read further:

> Mr. DAVIS. The Yuma project, of course, has its difficulties. There is a real menace in that river, and it might change the complexion of things in a few days.

Is that anything new? Did I not try to say that these poor farmers were holding in check that mighty river, which might carry away its bank any moment? Does not the Senator remember that I said that?

Mr. SMOOT. I know the Senator did, and that one thing, Mr. President, it seems to me, has to be solved before we ever know whether this project is to be a success or not.

Mr. ODDIE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Nevada?

Mr. SMOOT. Just a moment. Let me call attention to this Yuma project. The original estimate of the cost of the Yuma project was $2,170,096. Up to June 30, 1923, it had cost $9,026,546.52.

Mr. ASHURST. Let me make some reply to that.

Mr. SMOOT. Does the Senator deny it?

Mr. ASHURST. I do not deny that the Senator has read accurately what he saw on a printed page, of course. I assert that the Senator has truthfully reproduced in words what he saw on a page, yes. Now——

Mr. SMOOT. That is just what I said. I want to say to the Senator further, in connection with this very item, to which I have just called attention, that the Yuma project is not the only irrigation project which has cost vastly in excess of the original estimate. I am perfectly fair to the Senator. I think, however, that the figures I have read show that the Yuma project has cost 400 per cent of the estimate.

Mr. ASHURST. Will not the Senator say that in many, if not most, instances the cost of the project was far in excess of the original estimate, and will not the Senator be fair enough to say that it was brought about, first, by reason of enlarged and expanded ideas and projections that were not originally taken into consideration when the project was estimated for?

Mr. SMOOT. If the Senator would only wait, I would tell him the whole story, so that he would know it.

Mr. ASHURST. Very well.

Mr. SMOOT. Utah has only one project, the Strawberry project, costing a little over $3,000,000. I am not criticizing Idaho——

Mr. ASHURST. What was the original estimate for the Utah project?

Mr. SMOOT. Wait a moment. If this American Falls project goes in, and if other projects which are under way go in,

it will take about half of all the money we have collected for the project. That is perhaps to the credit of the Senators from Idaho, and perhaps I should be criticized because I have not insisted upon the appropriation of the money for the State of Utah. But when that project in my own State was estimated for in the beginning, it was to cost $47 per acre-foot of water.

Mr. ASHURST. The Strawberry?

Mr. SMOOT. The Strawberry. When it was finished, what did it cost? It cost over $87 per acre-foot. I do not believe there is a project in the United States but that has cost more than was estimated. That is one of the reasons why we find ourselves now in the difficult position in which we are. That is why some of the projects have to go without any kind of an increase. I want to say to the Senator from Arizona and to the Senators from Idaho that the Secretary of the Interior, that Commissioner Davis, that Mr. Weymouth, if you please, have recommended just as strongly for the extension of the Strawberry, but you do not find it in this bill.

Mr. JONES of Washington. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Washington?

Mr. SMOOT. Yes; I yield.

Mr. JONES of Washington. In order to get a correct idea as to the cost per acre of the Strawberry project, will the Senator state how many acre-feet to the season they estimate?

Mr. SMOOT. Two acre-feet of water.

Mr. JONES of Washington. So the cost of that project is over $160 an acre?

Mr. SMOOT. Yes; but I want to say to the Senator that it waters some of the very best land there is—I was going to say in the world.

Mr. JONES of Washington. I just wanted to get the amount of the cost per acre for the reclamation.

Mr. SMOOT. I believe that the estimate made here of ninety-four hundredths of a cent per kilowatt hour will be as accurate as the estimate on the project in the beginning. I want to say to the Senator now that this project has difficulty. I know the difficulties they have. That river has to be controlled in some way different from the way in which it is being controlled to-day, or the project in the end can not be a success. I know that. I do not know how much money it will take to do it.

The Senator from Arizona gave a splendid description of the river, and of its power during the flood season of tearing away acres—yes; I was going to say thousands of acres—of the soil, and carrying it down to the mouth of the river, into the Gulf of California. I hesitate to say to the people using the water power under this project that it will be delivered to them for ninety-four hundredths of a cent per kilowatt. If that can be done, it will be the cheapest electric power ever created anywhere in all the world. What are the people here in the District of Columbia paying per kilowatt hour?

Mr. ASHURST. I can answer that.

Mr. SMOOT. Very well.

Mr. ASHURST. Just five times too much.

Mr. SMOOT. Then, if it is five times, it would be 2 cents, according to this rate.

Mr. ASHURST. I assert here that the people of this District—though I do not want to get off the subject—pay five times as much for their electric current as they should.

Mr. SMOOT. I have had a little experience in developing electric power. I put in a plant for Provo City in the beginning, and I know about what it costs there. That was generated by water power. I would not want the farmers under this project to think for a moment that I believe it was going to cost only ninety-four hundredths of a cent per kilowatt hour to lift that water. I will say this, that I think, as far as the project is concerned, with the lift they have there, and the immense amount of water, it can be lifted at a fair price, and I think myself that if they got it——

Mr. ASHURST. Possibly I did not make myself clear. It is going to be used for three purposes. Only about a third of it will have to be lifted at all. A great quantity of the water used flows by gravity. All the water on the Yuma project is not lifted, of course. I said a hundred feet. I fancy it is not over 80 or 90.

Mr. SMOOT. I knew that, Mr. President. I simply quoted the figures the Senator stated.

Mr. HOWELL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. I yield.

Mr. HOWELL. In speaking of the cost of electrical energy, I would like to give some figures in connection with the energy supplied Omaha, Nebr. The charge was formerly 14 cents per kilowatt hour. By threatened public competition the maximum rate charged in the city of Omaha to-day is 5.5 cents to the smallest consumer, and it varies down to as low as 0.9 cent for manufacturing and packing-house purposes.

Mr. SMOOT. The Senator means for the day load?

Mr. HOWELL. That is the average for the month—the number of kilowatt hours used per month. In the city of Washington the people are paying 10 cents per kilowatt hour for electricity, and the people of this city are being robbed every month that they pay their bills. Washington is the Capital of the Nation and ought to be the right kind of an object lesson for the rest of the cities of the country and not the kind of an object lesson that it is in that respect.

Mr. SMOOT. Of course, I knew what they were charging in the District of Columbia, because I have to pay my bill every month.

Mr. GOODING. Mr. President——

Mr. SMOOT. But I was not talking about the 10-cent rate being a reasonable charge. I was discussing the question whether electrical energy could be created for 0.94 cent and furnished for the lifting of water and the project made a success.

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. I yield.

Mr. GOODING. I would like to ask the Senator from Nebraska a question, with the permission of the Senator from Utah. I do not think he stated how the electrical power is generated in Omaha.

Mr. HOWELL. I am much obliged to the Senator from Idaho for asking the question. The energy is produced by steam. Omaha is not so favorably located for procuring steam coal as is the city of Washington.

Mr. SMOOT. That is true.

Mr. ASHURST. Mr. President, let me ask the Senator from Utah a question. Since it has been disclosed that hydroelectric energy developed by steam can be sold at 0.9 cent per kilowatt hour, is it unreasonable to suppose that where it is not necessary to have steam to generate the power but by gravitational forces the power is furnished that the power may be generated at 0.94 cent per kilowatt hour?

Mr. SMOOT. I do not know what the circumstances are. I will say that very often this is done—and I do not see why it should not be done with a steam plant—the selling of electric energy during the day for power purposes when not used for lighting at a very low rate, even sometimes less than cost. I know of cases of that kind. I could not conceive why it should be done in Omaha, where steam power is the force by which it is created.

Mr. HOWELL. I would say that each development, of course, has its particular conditions which affect the price accordingly. But it is my judgment, from my knowledge of the situation respecting electrical industry in this country, that the rates charged by the private companies are higher in proportion than almost any other public utility service afforded. Nevertheless, merely because it is 0.9 cent in Omaha for wholesale power, it might not be practicable to sell it at that rate with a small plant under certain conditions.

Mr. SMOOT. Mr. President, I do not want to take any more of the time of the Senate at this particular juncture. I want to say to the Senator from Arizona that if the project is reported on as a feasible one and there is no chance whatever that it will be a failure in the end I have not the least objection to the amendment adopted, and as a conferee on the bill I would be glad to yield to it. But with the report that we have before us and the evidence that was given before the committee in the House, it seems to me that the Senate committee would have been rather lax in its duty if it had reported the amendment.

Mr. ASHURST. To what evidence does the Senator refer before the House committee as indicating this is not a just and proper item? To what line of evidence does he refer? On the contrary, I assert that every word of evidence given before the House committee was an argument for the appropriation. For instance, on page 818:

> Mr. CRAMTON. It is a question whether these people are ever going to pay the operation and maintenance charges, or pay back the cost of construction, is it not?
>
> Mr. WEYMOUTH. I do not think there is any question about it.

Mr. SHIPSTEAD. Mr. President, will the Senator from Arizona yield to me?

Mr. ASHURST. I have not the floor.

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Minnesota?

Mr. SMOOT. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. As I understand the situation, the House committee allowed the appropriation?

Mr. SMOOT. They did.

Mr. SHIPSTEAD. That ought to be the best evidence of what they thought of the project.

Mr. SMOOT. I am not trying to interpret what the House Members thought. I am trying to state what was the action of the Committee on Appropriations of the Senate, based upon the testimony and the conditions existing here. Speaking for the committee, we thought that we ought not to enter into the building of power plants in connection with an irrigation project, at least until we knew whether the fact-finding commission would report those projects as being projects which would be successful.

Mr. SHIPSTEAD. I understand the Secretary of the Interior recommended it?

Mr. SMOOT. He did.

Mr. SHIPSTEAD. To what extent there were hearings before the House committee I do not know. They had hearings and the appropriation was granted. What other evidence does the Senator want?

Mr. SMOOT. Just what I have stated. I do not know anything about whether they took that question into consideration at the time or not.

Mr. SHIPSTEAD. I may have missed a part of the Senator's remarks, because I was unfortunately called out of the Chamber.

Mr. SMOOT. Under that theory, whenever the House made an appropriation the Senate would not be able to do anything else. As this commission, composed of men deeply interested in the subject, were making an examination of all the projects in the United States and are to report to the Secretary of the Interior their findings, and not only to the Secretary but to the Congress, your committee felt that rather than undertake now the establishment of hydroelectric plants in connection with irrigation projects it would be very much better to wait until the fact-finding commission have reported.

Mr. PHIPPS. Mr. President, I think it is proper that I should make a statement that is, in part at least, personal.

Many years ago, when gold was first discovered in the neighborhood of Goldfield, it was found to be a very difficult matter to produce the electrical power which was needed for the operation of the mines. Wood—because coal was unavailable—was selling at anywhere from $20 to $30 a cord. The proposition to furnish electrical power from California was taken up and, with some others, I became interested in the formation of a parent company, a small company, a $200,000 concern. That company has developed and grown. It supplied the mining districts of Nevada, and later those of a portion of southern California. It supplied the cement plants which were made possible by the furnishing of hydroelectric power. It supplied power for the development of agriculture in some of the valleys of southern Colorado—I mean, the high mesa land, particularly Paris Valley, which is now a garden and was before a barren waste. The hydroelectric power is being produced on Bishop Creek in California, and it is transported over high-tension lines. As stated, the Paris system now owns the longest transmission line in the world. To say, however, that because it is the longest the cost of delivering power is greater is not well based, because, as a matter of fact, with the very high tension, running up to 110,000 volts, the line loss is comparatively small.

I was a stockholder and a director in that company from, I think, about 1906 until 1909, when I resigned. I did not care to devote my time to any business during that period. Later, upon the death of one of my colleagues in that business, the man who was president of the company, there came a vacancy on the board and with great reluctance, but on the insistance of all the other people who were interested, I agreed to resume my place on the board, which I held until I was elected to the Senate. Immediately upon being elected, or at least before I took my seat, I resigned my office as director of the company and resigned all other offices which I held in business.

As I have stated, there was no communication from any representative of the Southern Sierra Power Co. to me or to any member of the subcommittee, so far as I am aware. I had no information regarding it until after the amendment was stricken from the bill, as stated by the chairman of the subcommittee, the Senator from Utah [Mr. SMOOT].

I do not like to have Senators make allusions to the effect that the reporter lifted his pen, or something of the sort, when nothing of the kind ever happened.

There is a great question as to the advisability of erecting hydroelectric power plants to furnish the Yuma project. I say frankly that while I know but little as to the cost of producing hydroelectric power, very little compared to what I should know, perhaps, on account of my interest in the business, I do believe that the estimate as printed and as furnished to the House is oversanguine. It is based on what would practically be constant operation, when the constant duty in actual practice rarely exceeds two-thirds, or 75 per cent at most.

I would feel that the Senator from Arizona [Mr. ASHURST] and the Senator from South Carolina [Mr. DIAL] or any other Senator sitting as I did in this case could be trusted implicitly to exercise his best judgment and not be influenced by any possible personal interest which he might have in some other company. As I said in the hearings from which the Senator read, I do not know but perhaps it might be to the benefit of the Southern Sierra Co. that the plant be established. It would be another means of producing hydroelectric power. It possibly might be a regulator on the line. Instead of all of it coming from one end, they could get a little from the other end. That would produce a balance and would be a regulating force, as in this long line advantage has been taken of every opportunity to tie in other lines.

There is a very serious question of doubt in my mind as to the advisability of appropriating $250,000 for the purpose of erecting that plant. A 10-foot drop is certainly a very low drop with which to produce hydroelectric power economically. Low-drop plants, as a rule, are much more expensive than are those that have a high head.

Mr. ASHURST. Mr. President, will the Senator yield there, on a matter of figures and computation?

Mr. PHIPPS. Yes.

Mr. ASHURST. The Senator has some information on the subject of hydroelectric power. What does he say about a head of 10 feet with a flow of 1,200 second-feet? Would not a drop of 10 feet with 1,200 second-feet flow have sufficient momentum or power to generate a large quantity of hydroelectric power?

Mr. PHIPPS. I do not question that, and theoretically it will work out to 750 kilowatt-hours, as estimated here; but I do say that that is based on a 100 per cent efficiency. Not only is the question of the ability to operate the plant involved but also the use of the power which is produced. The estimate is based on the operation of the plant at 100 per cent efficiency and selling 100 per cent of product, which is never possible in any hydroelectric business.

The control of the river is a matter of great importance. I certainly have interested myself in it. I am hopeful of seeing proper steps taken, and I am very glad to hear that the steps taken a little farther down the river than at Yuma, at the Pescadero cut, have proven so successful that danger of the inundation of the Imperial Valley has, perhaps, been removed for at least 10 or 15 years to come and perhaps permanently. I believe that these developments should be carried on in the light of the best information that can possibly be obtained.

The subcommittee of the Senate Committee on Appropriations did not ask for further expert testimony, because we had what we believed to be full hearings which had been had on the part of the House of Representatives. We used those hearings. We arrived at a different result from that which had been arrived at by the House, based on the fact that the fact-finding commission was expected to report. In that connection the question was asked by Mr. CRAMTON of Mr. Weymouth——

Mr. ASHURST. From what page is the Senator from Colorado reading?

Mr. PHIPPS. I am reading from the top of page 818.

Mr. CRAMTON asked Mr. Weymouth the question:

> You have no trouble about getting power to operate the drainage plant?
>
> Mr. WEYMOUTH. No.
>
> Mr. CRAMTON. What disaster would happen if we deferred this expenditure for a year, until we could have the results of the fact-finding commission before us?
>
> Mr. WEYMOUTH. We could continue to operate as we do now by buying part of the power.

There was not any apparent urgency for the construction of this plant. Frankly, if it had been a question of appropriating $750,000 for necessary development of acreage, so as to bring the full acreage under irrigation, and in that way divide the overhead expenses of operation, I would more willingly have voted for the appropriation of $750,000 to develop the project than I would for $250,000 to furnish power where

power is now being furnished and—as I have been told since this action was taken by the subcommittee and the committee—is under contract made for a period of 10 years, of which 3 or 4 years, perhaps, have elapsed; so that the power being used on the project is being furnished under a 10-year contract having 4 or 5 or 6 years, perhaps, to run.

I have not the figures as to, and I have no desire nor have I the time to follow, any personal investments which I may have. I absolutely get practically no information as to the operation of this company or any other in which I may be interested.

Mr. DIAL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Colorado yield to the Senator from South Carolina?

Mr. PHIPPS. I yield.

Mr. DIAL. What about the regularity of the flow of the river? Can the Senator from Colorado impart some information on that point?

Mr. PHIPPS. As to the flow of the Colorado River at Yuma I have not the figures. I only know that there is a wide variance in the run-off of the stream. The variation is, perhaps, greater than that of any river of its size in the United States. That is my impression, but I do not care to be understood as having definite information on that point.

Mr. ASHURST. Mr. President, will the Senator from Colorado permit me to interrupt him at that juncture?

Mr. PHIPPS. Certainly.

Mr. ASHURST. In reply to the question propounded by the Senator from South Carolina [Mr. DIAL] I desire to say that it is true, as the Senator from Colorado has stated, that there is a wide divergence in the volume of water at times in the flow of the river. In winter the flow of the river at times is comparatively low, while in summer, when the snows melt on the mountains up in Wyoming and Colorado, the river has a mighty flow. There never will be, however, and there never has been a flow of water in the river so low as would in any way interfere with the power proposed to be generated by this plant. I am sure—I know very well that I am stating the fact—that nobody has contended that the water of the river would be diminished or depleted to such an extent that it would interfere with this particular proposed hydraulic plant.

It is true that far below the irrigation project, far below where the water for the Laguna Dam is taken out, far below where the water of the Imperial Valley is taken out, sometimes the river goes nearly dry, but that is because the water has all been taken out of it. The river really changes its bed; that is all there is to it.

Mr. NORRIS. Mr. President, may I interrupt the Senator at that point? I have an idea that the Senator from South Carolina in asking his question was under the impression that this power was generated from the flow of the river at that place?

Mr. DIAL. That is true.

Mr. NORRIS. Of course, the power is not generated from the river flow at that point; the power that is proposed to be generated there comes from the irrigation ditch and not from the river itself. The water is taken out of the river a good many miles farther up; so that the flow of the river at Yuma, however high or low, does not interfere with the power that could be generated if there is sufficient flow of the river at the point where the water is taken out of the river.

Mr. PHIPPS. I will say to the Senator from Nebraska that I did not understand the Senator from South Carolina was interrogating me on that point or I should have been glad to have given him the information.

Mr. DIAL. All I want to know is whether or not there is sufficient water there to generate power throughout the entire year.

Mr. PHIPPS. So far as my information goes, there can be no doubt that the water taken out for irrigation purposes and which, as explained, flows through the siphon, where the power would be produced by a drop of 10 feet, probably would have a constant and sufficient flow. There is, on the other hand, a question as to the disposition of the power that could be produced. The figures shown in this schedule are based on the cost of operation at 750 kilowatt hours capacity. Only a portion of the power would be used by the project itself for the purposes of the project, as indicated in the schedule.

Mr. DIAL. I thank the Senator, and I will say a few words in my own time after he shall have concluded.

Mr. PHIPPS. The ability to use the remainder of the power would depend upon whatever market is available; and that power would naturally come into competition with any other power that might be available for that district.

As to the present rates being high or exorbitant, I do not know what they are, but I do know that the railroad commission of California, like almost every other State commission—and it is a public-utilities board, although called a railroad commission in California—fixes the rate which may be charged by hydroelectric power companies and allows them to make earnings based on the actual investment of property, in which they will give no credit whatever for the franchise—the franchise has no value in their estimation—and they only allow them 8 per cent on their investment. As a stockholder, I know that I have stood for a good many years holding the sack without getting any dividends on my investment. I will say, however, the company did make earnings that would have justified the payment, but on account of the exigencies of business during the war period, and all that, the money had to be invested back in the property in order to take care of the demand. That company has been one of the leading factors in developing not only the mining district in Nevada but the valleys leading down to southern California and the agricultural districts there. It has made it possible to produce cement; it has made it possible to operate mines in California which could not otherwise be operated. While, as I have said, I have not paid any attention whatever to the details of the business since I came to the Senate, I do know, in a general way, from the reports what has been done, and I know that I have never been asked to do anything in the interest of the company or any of its officers.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The PRESIDENT pro tempore. Does the Senator from Colorado yield to the Senator from Nebraska?

Mr. PHIPPS. I yield.

Mr. NORRIS. I want to ask the Senator a question in regard to a statement he made which does not bear directly on this item but is exceedingly interesting. He said a little while ago that, for some reason which he did not develop, the danger of floods in the Imperial Valley, such as have occurred in the past, had been eliminated for the next 10 or 15 years and, perhaps, forever. I wish the Senator would briefly, if he will, tell us just what has brought about that condition.

Mr. PHIPPS. I can not give the exact date, but at one time, about 1909 or 1910—that is within a year or two of the actual date one way or the other—the Colorado River overflowed its banks at a point some distance below Yuma, Ariz., perhaps 60 or 70 miles below there, I would estimate. The formation there is like the formation in the neighborhood of the delta of any large stream, such as the Nile, for instance. The sands and the alluvial soil that have come down through the ages have been deposited gradually and have raised the bed of the river, which cuts its channel during the periods of the greatest flow and piles up the sediment on either side. In the course of time the level of the river came to be at quite an elevation above that of the surrounding country, and, to add to the situation, this vast territory known as the Imperial Valley is located actually below sea level, its lowest point being about 150 feet below sea level, at the bottom of the lake. There is a lake there which has been there for some years—part of the overflow of past years which has never dried out, or the result of annual rainfall.

When the river overflowed its banks at this point near the Imperial Valley it cut with a great rush through this soft alluvial soil and found its way to the Salton Sea, raising the level of that lake to the extent of several feet. It also destroyed the tracks and land of the Southern Pacific Railway. It was the Southern Pacific Railway which, under the best engineering talent available, with their forces of men, their cars, and all available wrecking apparatus and tools and everything they could bring, rushed to the spot to stem this disaster. They fought it for weeks before they got the river absolutely under control, at a cost of several millions of dollars, which, it was claimed, should have been repaid by the United States Government, and which claims, I believe, never have been paid in full. The railroad company have never been compensated for their work and their expenditure in saving that section of the country from being inundated to such an extent that it never could be redeemed.

When the river receded, and they were able to hold it within control, the question arose as to recurrences which might impend, and which probably would be looked for the very next time the river got beyond its ordinary high stage. The Senator will appreciate, say, that there is a stage of 40 feet which is considered high. On extreme occasions the river might rise an additional 10 or 12 feet; so that means were looked to to prevent a recurrence of this trouble.

The valley at that time had a reclamation project that was a private one. The owners of the territory were banded to-

gether to redeem and cultivate this very rich land, which is among the richest on earth, similar in every respect to the delta of the Nile. It was found that a cut could be made from the banks of the stream southerly toward Mexico, taking out the water through a cut and putting it back into the river at a point farther down. In other words, they proposed to straighten out the channel of the stream by cutting across one of the elbows which had formed in the course of the ages, and that is known as the Pescadero Cut. The cost was paid by the people who are cultivating lands in the Imperial Valley, through their reclamation enterprise, and my recollection is that the cost of the Pescadero Cut exceeded half a million dollars. The Government contributed no part of that expenditure, but the people of the district, at their own expense, carried on this work; and, as I say, my latest information is that it is so eminently successful that any danger of a flood in the Imperial Valley by reason of the river breaking out has been removed for at least 10 or 12 years, and perhaps for all time.

Mr. NORRIS. Mr. President, if the Senator will permit another interruption——

The PRESIDENT pro tempore. Does the Senator from Colorado yield to the Senator from Nebraska?

Mr. PHIPPS. I yield.

Mr. NORRIS. I asked the question because I thought there might be a misunderstanding here, and one that might have some bearing on other matters coming before the Senate, though not on this question; and therefore I beg the Senator's pardon for injecting it here. I have done it only because of the remark made that, in the Senator's judgment, the danger was past.

I am more or less familiar with what was done there. I have been over this cut. I have seen it. I know what they did. I know what the farmers of the Imperial Valley have done and what they are doing now. They have an army of men and railroads and trains and all kinds of machinery in readiness. I think the Senator is wrong when he says that the danger of future floods to that valley is past. They are living in constant dread of a recurrence of it. It is likely to recur at any time when the Colorado River is in flood. The danger has not been removed, and it will require a stretch of the imagination to tell what might happen to that, one of the finest valleys in the world, if this danger should occur again and the flood not stop.

This cut that the Senator speaks of consisted first in building a bridge across the new river, which, as the Senator very properly stated, had been gradually raised higher and higher by the deposit of silt that came down the stream.

It cut a new channel, and instead of running into the ocean it ran back into this depressed valley, the Imperial Valley, a large portion of which is below the sea level, and, of course, had no outlet, and if not stopped would have eventually filled it up and destroyed the towns and the cities and the farms and the homes of all the people in that valley.

They built a bridge across that new stream, and then these farmers with their trains and their engines hauled on that bridge stone that they took from a quarry which they owned and which they operated for that purpose and kept dumping it in there, and dumping it in there until they had constructed a stone dam across the river. In the meantime they had dug a new channel to the ocean for the river to take, and that is where it is running now. But until some means has been adopted by which the flood water of the Colorado River can be held back they are not safe, and they realize fully, I think, that they are living in constant danger of having everything blotted out. It would take some time, of course, because that is a large territory, but everything that is below sea level would be covered up.

I mention this now so that there may be no misunderstanding if in the future, as I hope will occur, an opportunity is given here, in the Senate as well as in the House, to construct a dam many miles farther up, at a place known as Black Canyon, that will hold back the floods of this river and keep them in check and let them out in such volume as will supply the irrigation ditches, and still, at the same time, not in such great volume as to do any damage.

Mr. PHIPPS. Mr. President, I did not intend to enter into a discussion of this question of flood control, which is not in the bill and not at issue at this time.

Mr. NORRIS. No; it is not.

Mr. PHIPPS. I merely expressed the thought that that danger had been passed over into the future, some time in the future, if not definitely removed, based on a personal letter received from a friend who had just been on the site and had made a personal examination. I do not care to discuss that matter further. I have tried to say why I believe the committee acted properly in saying that the item of $250,000 for a hydroelectric plant for the Yuma enterprise should be deferred.

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Colorado yield to the Senator from Oregon?

Mr. PHIPPS. I yield.

Mr. McNARY. Just as a matter of information, I read the hearings had before the House committee, and I desire to ask the Senator if any witnesses or experts appeared before the Senate committee in reference to this item?

Mr. PHIPPS. No. We took the House hearings; but later, in executive session, we had Director Davis and Secretary Work before us. We talked in a general way about the prospects of getting reports from the fact-finding commission and other matters in connection with reclamation and other items in the bill. A great number of subjects were covered, just as Senators would get together and consult. It was not meant to be a public hearing, and the committee did not feel that it was necessary to call for witnesses on this particular item of the bill.

Mr. McNARY. I wondered if the Senator was able to say that they based their conclusion upon what the Secretary of the Interior said, or what Mr. Davis said, or whether it was based upon the House hearings, or upon additional facts that had been brought to the attention of the committee.

I ask that question because I am very much interested in this whole scheme of western development through irrigation. I know that the fact-finding commission has been appointed and is to make a report; but I do not get the connection between the report of the fact-finding commission and the action of the Senate committee in removing from the bill an item that had been passed upon favorably by the Director of the Budget, the Reclamation Service itself, and the Secretary of the Interior, and had passed the House committee and the House itself. It seems to be such an unusual thing that there ought to be some outstanding facts which would support a decision of that kind by the Senate committee. My question is in the nature of an inquiry, made in the best of good faith.

Mr. PHIPPS. I have answered the inquiry. No additional witnesses were called. I read part of the testimony where Mr. CRAMTON questioned Mr. Weymouth, and the statement was made that they could get along for another year, although they would be compelled to purchase some power. That is quite true.

Mr. CAMERON. Mr. President, I listened very attentively to all this controversy over this $250,000 for the Yuma project. My colleague's statement I fully appreciate. I believe, however, that the most important part of the whole controversy has been to some extent left out.

In the first place, the farmers of the Yuma Valley know exactly what they want. There is no question about that; and why should we wait on any fact-finding commission? As I consider—and I think I know the people of that section of the country fully and well—they are as intelligent a lot of people as possibly the members of the fact-finding commission, and they want help now, not a year from now; and this appropriation should be given them, so that they can figure on what they shall do for the future.

I have been wondering while sitting here and listening to this controversy why Arizona and Idaho have been picked upon, as it looks like these States have been singled out.

In the first place, Arizona can not get too much cheap power. If it were available and could be delivered, we should to-day use from seventy-five to one hundred thousand kilowatts. I have no fault to find or quarrel to pick with the Southern Sierra Nevada Power Co. or the Southern Sierra Power Co. There is lots of room for all the companies we have there now or that will come there in the near future. The demand for power is great all over the West. I understand from very good authority that the company which is furnishing this power at the present time at Yuma could use and are looking for some way to develop from fifty to sixty thousand more kilowatts than they develop at the present time.

I know that every State in the West—not only Arizona, California, Utah, and Nevada—is looking for cheaper power, and they need it. Our coal beds are remote and require a long haul and the oil has been so high in late years that it is impossible to use it for fuel in pumping water.

In the southern part of Arizona there are 3,500,000 acres of land underlaid with a sea of water from 35 to 80 feet below the surface. It is a finer soil than is found in any other State of the Union. A few years ago some of this land was pumped by private people, who bought crude oil when the price was down as low as 5 cents per gallon, but when it went up to 18

and 20 cents they had to give up their farming, and they are waiting now and have been waiting for years for cheap power.

The farmers of the Yuma Valley know what they want, and we know what they want, and for God's sake let us help them, not next year, but now. Those people have struggled along there for years, and what we want is the assistance of the Government of the United States. Those people are not asking the Government for a donation. They are going to pay this money back, and every inch of land to which this power furnishes water, which to-day possibly is not worth more than $15 or $20 per acre, as soon as the water is delivered to that land by this power will be worth from $300 to $500 an acre; and that is not at all exaggerated.

I do not care to take up the time of the Senate further. My colleague has gone into this thing very thoroughly, and I fully agree with every word he has said. I want to say to the Senate of the United States, especially to the Senators who are present and have listened to this argument, that I hope and I believe that every one of them will vote to put this item back in the bill, because it is as just as anything that is in the bill, and the people of our State, and the people especially of the valley for which this power is to be furnished, are fully able to pay the money back, and they will do so. I would like to see the item put back in the bill. I thank the Senate.

Mr. FRAZIER. Mr. President, I wish to offer an amendment to the pending bill, and ask that it lie on the table.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the amendment will be received and will lie on the table.

Mr. DIAL. Mr. President, I regret that I feel compelled to speak on this amendment, but we will have to stop spending Government money some time, and I think we might just as well stop now. I am opposed to the Government going into any kind of business. I think it would be a good idea to take stock of these irrigation projects and have a settlement, and let us see where they stand with the Government.

My good friend the Senator from Arizona who has just spoken [Mr. CAMERON], has urged that the people out there are not asking favors, that they are able to pay this money back, that they do not want any donation. I am glad to hear that. That is the way people ought to talk and ought to act, but as I understand, they are asking that this money be advanced without interest. If lands are going to increase in value all the way from $15 an acre to four or five hundred dollars an acre, it occurs to me that those people could form private companies and develop water power to real advantage, and benefit the land to that extent. They would not need Government help. I do not know that I ever heard of a greater profit than from $15 to four or five hundred dollars an acre.

Mr. MCNARY. Mr. President, it appears that the Senator from South Carolina is not at all familiar with the purposes and provisions of the reclamation act passed in 1902. As stated by the Senator from Nebraska [Mr. NORRIS] a little while ago, this is a special fund, not derived from taxation, but contributed out of the resources of the various States where public land is located not subject to taxation. It belongs to the people of those States. It is subscribed to by the people of those States through their agencies. It goes back to the people of the States where it is taken, for the purpose of State development, under the law, without interest, and the people of South Carolina and the people of any other part of the country do not contribute to this fund. Properly it should go to the people of those Western States and be used without interest, paid back, and become a revolving fund, to be used throughout other portions of the West. That is the reason it does not bear interest.

Mr. GOODING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Idaho?

Mr. DIAL. I yield.

Mr. GOODING. I want to call the Senator's attention to the fact that 35 per cent of my State is in a forest reserve. All the great timber resources of my State are being held for the benefit of future generations. I voted for an appropriation last year of $56,000,000 to keep water off the land in the South by leveeing the Mississippi and by improving the rivers down there. The people of the South have enjoyed the great national resources which God Almighty gave to those States; they have had the full benefit of them. We have been denied our resources in Idaho for the benefit of the people in South Carolina, as well as other States in the Union, and we are merely asking an opportunity to take this money and develop the West, that is all, and for no other purpose. I expect to continue to vote for appropriations to keep water off the land in the South and for the improvement of its rivers, because I do not believe we can have the great South about which we talk so much, the new South, unless we permit it to be developed. That is all we ask for the West. I am surprised that there is a voice lifted from the South against the development of the West by the people's own money.

Mr. DIAL. Of course, every Senator is at liberty to vote as he pleases It is true I am not the best-posted man in the world about these irrigation projects, but I am told by some Senators who live pretty close to the West that it is very doubtful whether or not a great deal of this money will ever be paid back.

Mr. ASHURST. Will my distinguished friend the Senator from South Carolina yield?

Mr. DIAL. I will not give the names of the men——

Mr. ASHURST. I am not asking the Senator to divulge anything. My affectional seat mate, I regret to say, has seen fit to go over where he now stands to talk against me. As we go along in the discussion of this bill, we are everywhere met and challenged by able Senators with the statement that the reclamation of arid lands is a failure in the West because it does not repay. It therefore becomes my duty, the duty of all of us who have any interest in irrigation, and the duty of those who have no interest in irrigation but in the interest of truth, everywhere, in every form, by night and by day, to tell the truth about repayments. What is the truth about the repayments from the Yuma project?

There has fallen due on that project the sum of $1,155,000, and there has been repaid of that sum that fell due $1,081,000, leaving due only $74,000, showing that the poor farmer there, just as in South Carolina, is the first to pay. Would to Heaven the foreign governments repaid their loans to the United States with as much promptness and celerity as do the farmers of this country. If the nations of Europe which received great sums, billions of dollars, from our Treasury during the war, would repay as truly and with as much celerity as do the irrigationists, we could pay anything.

I hear it here, I hear it elsewhere, that the irrigationists do not pay. What are the facts? The total investment of the United States in moneys advanced from the reclamation funds is only $181,726,457. Of that sum $46,495,363 have been repaid. I assert here, and I challenge successful contradiction of my statement, that there is no business in the United States, public or private, that has repaid moneys advanced with promptness and celerity comparable to the promptness and the fidelity with which the irrigationists have repaid the money advanced to them from the Federal Treasury, and they have repaid it in the face of the hard fact that they are pioneering a new energy. I say this to by friend, so that he may know hereafter, that of all the governmental institutions we appropriate for the irrigations of the West are first on the roll to repay. Their families practice economy. They deprive their children of things which other children have in order that they may repay the Government. Do not add to their already heavy burdens the imputation, unjust as it is, that they do not repay what they get from the Government. They do repay, and they will repay every dollar advanced to them by the Federal Government for irrigation and reclamation.

But suppose they do not repay! I have heard men say that our public schools do not pay a money profit. What good citizen wants a money profit out of the public schools? Informed and educated young ladies and young gentlemen are our profit of the public schools. Ah, but they say the Army does not pay money profits. No; not in dollars. Protection is the pay we get. Ah, but some say that the Navy does not pay. No; but the floating leviathans, our first line of defense, tell of the country's distinction and safety, and thereby the Navy pays.

What if the Government irrigation projects do not pay? What if they never repaid a dollar? Our profits are in the feeding of a mighty race. The irrigationists are helping to subsist the most puissant nation on the earth. What if they do not repay? Is there not more to the great question of irrigation than merely paying back dollar for dollar? But have no fear; every dollar will be repaid.

I thank the Senator for yielding.

Mr. DIAL. My desk mate almost frightens me. I do not see how I can go on until I get my nerve back.

Mr. GOODING. I wonder if I can help the Senator get his nerve back?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Idaho?

Mr. DIAL. No; not at present. I wish all the projects had such records as that of the project in the Senator's State. As I understood, the senior Senator from Utah said there were some projects which had better be abandoned than for us to

continue to advance money for them. I am not very well posted about that. Down in my section of the country the Creator provides us with water, and we have a little too much of it in certain sections; but we have not been able to progress very far in getting appropriations for drainage.

My friend from Arizona [Mr. ASHURST] has spoken about the debts owing to us from foreign nations. I will join with him in a polite suggestion to this able commission we have for the refunding of those debts, that they dispatch a little note to all the countries and suggest to them that they begin to consider and get busy, and let us have some interest, at least, on their debts. My position on that is well known.

I am opposed to Government ownership, as I have said. I know but little about this proposition, but I do know that the business of developing hydroelectric power is a very dangerous one. Those who undertake it have to contend with high water and low water. It is not altogether a rosy proposition.

It seems that they have a power company there already supplying them with power with a line some 600 miles long. Individuals put their money into it and helped to develop that section, and now because they think they can make power a little bit cheaper they come and ask the Government to advance money without interest. If the money belongs to the State, I have no objection to letting them have it without interest or even donating it to them, but I do not so understand it. I am not in favor of the United States Government advancing any money to anybody for any purpose without interest. The Government has not a dollar except what it takes from the people by taxation or by issuing bonds.

My friend from Idaho gets up and talks about a great appropriation for the Mississippi River. The people in my section of the country have not got their fingers deep in the sugar bowl at all. We are burdened with tariffs; we are robbed with pensions. The Civil War pensions to-day are much greater than they have been at any time since the Civil War. Yet here it is proposed now by some Senators to add an additional burden of about $100,000,000 upon the people of the country for that purpose. We get nothing from pensions. We get nothing from the Mississippi River that the Senator has talked about. We get nothing from irrigation. So we bear the burden and get but little of the benefits in my section of the country. Notwithstanding that, we are not here to try to take money out of the Treasury and put it into some individual people's hands. We ought to legislate according to the Constitution and to uphold the Government and see that everybody in the country receives a fair deal, and we ought to abolish special privileges.

Mr. McNARY. Mr. President, I want to make only one observation in order to correct the statement made by the Senator from South Carolina that this is taking money out of the Treasury to complete a project that is a private enterprise. I tried to make clear a moment ago in a very brief statement that this money does not come out of any sum accumulated by taxation. It comes out of a specific fund that can not be used for any other purpose. I am informed by the Secretary of the Interior that about $7,000,000 remains unexpended in this specific fund that can only be used for the purpose of reclamation development. Consequently the argument of the Senator that this is a wasting of money or an imposition upon the taxpayers is not applicable.

It is strange, indeed, to hear the Senator from South Carolina urge that the policy of the Government should be to permit water to waste itself and run idly out on the land and into the streams again without using it because it comes in competition with private capital. If this project is developed, the power is only supplementary to the other proposition, which is the irrigation of the land. If that is accomplished by the people who live on the project, it becomes their property later—a community property and not the property of the Government. So in no sense is the Government going into business. It is a community proposition that develops itself incidentally only and as auxiliary to the other scheme of irrigation.

Mr. SMITH addressed the Senate. After having spoken for five minutes,

The PRESIDENT pro tempore. The Senator from South Carolina will suspend, that the Senate may receive a message from the House of Representatives.

[Mr. SMITH's speech is published entire, beginning on page 2986.]

DEATH OF REPRESENTATIVE DUPRÉ, OF LOUISIANA.

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, communicated to the Senate the intelligence of the death of Hon. HENRY GARLAND DUPRÉ, late a Representative from the State of Louisiana, and transmitted the resolutions of the House thereon.

The message also announced that the Speaker of the House of Representatives had appointed the following committee on the part of the House, with such Members of the Senate as may be joined, to attend the funeral: Mr. LAZARO, Mr. ASWELL, Mr. MARTIN, Mr. WILSON of Louisiana, Mr. O'CONNOR of Louisiana, Mr. FAVROT, Mr. SANDLIN, Mr. MCDUFFIE, Mr. DEMPSEY, Mr. FISHER, Mr. LINEBERGER, and Mr. MINAHAN.

Mr. RANSDELL. Mr. President, I ask that the resolutions of the House of Representatives may be laid before the Senate.

The PRESIDENT pro tempore. The Chair lays before the Senate resolutions from the House of Representatives, which will be read.

The reading clerk read the resolutions, as follows:

CONGRESS OF THE UNITED STATES,
In the House of Representatives.

Resolved, That the House had heard with profound sorrow of the death of Hon. HENRY GARLAND DUPRÉ, a Representative from the State of Louisiana.

Resolved, That a committee of 12 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect this House do now adjourn.

Mr. RANSDELL. Mr. President, I send to the desk resolutions for which I ask immediate consideration.

The PRESIDENT pro tempore. The Senator from Louisiana offers resolutions which will be read.

The resolutions (S. Res. 169) were read, considered by unanimous consent, and unanimously agreed to as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. HENRY GARLAND DUPRÉ, late a Representative from the State of Louisiana.

Resolved, That a committee of six Senators be appointed by the President pro tempore of the Senate, to join the committee appointed on the part of the House of Representatives, to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

The PRESIDENT pro tempore appointed, under the second resolution, as the committee to join a like committee on the part of the House of Representatives Mr. RANSDELL, Mr. BROUSSARD, Mr. MCKELLAR, Mr. CARAWAY, Mr. LADD, and Mr. STEPHENS.

Mr. RANSDELL. Mr. President, as a further mark of respect to the memory of the deceased Representative, I move that the Senate do now adjourn.

The motion was unanimously agreed to; and (at 5 o'clock and 15 minutes p. m.) the Senate adjourned until to-morrow, Friday, February 22, 1924, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

THURSDAY, *February 21, 1924.*

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, the remembrance of Thee fills our hearts with peace and confidence. When we forget Thee and become unmindful of Thy mercies we entreat Thy tender patience. Give us rest of mind in this truth, no career can be defeated and no life can be a failure that seeks and strives to do Thy will. Father, we pray for the sick. Give them blessings of those eternal riches which pertain to the soul immortal. Give us that strength and courage that would cast out of our lives the things that cause grief and do harm. By the blessing of Thy help may we do our best this day. O God, in the midst of life we are in death. With one of our Members earth's door has closed. Reminded of life's uncertainty and separations,

we tarry in silent reverence in his memory. Lead us on until this mortal shall put on immortality to the glory of the Father of us all. Amen.

The Journal of the proceedings of yesterday was read and approved.

IMMIGRATION.

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. The gentleman from New York asks unanimous consent to address the House for three minutes. Is there objection?

Mr. CELLER. Reserving the right to object, I desire to address the House for two minutes following the gentleman from New York.

The SPEAKER. The gentleman from New York [Mr. CELLER] asks unanimous consent to address the House for two minutes following the gentleman from New York [Mr. LAGUARDIA]. Is there objection?

Mr. SANDERS of Indiana. Reserving the right to object, what is it about?

Mr. LAGUARDIA. About the statement made by the gentleman from Washington [Mr. JOHNSON] yesterday and a statement given to the press by the gentleman from Ohio [Mr. CABLE].

The SPEAKER. Is there objection to the requests of both gentlemen from New York?

There was no objection.

Mr. LAGUARDIA. Mr. Speaker, the gentleman from Washington [Mr. JOHNSON] obtained unanimous consent yesterday to address the House, and read a protest from the Rumanian Government. I am not concerned about the protest of the Rumanian Government or any foreign government. But he took occasion to make this statement:

I would like to say here and now, Mr. Speaker, that these astonishing protests of other Governments demanding the right that they may recuperate at the expense of the people of the United States, together with the impudent threat of alien blocs here, should result very soon in the passage of an immigration restriction bill that will really restrict.

The gentleman from Ohio [Mr. CABLE], in a statement to the press, told about a bloc that he was forming, and stated that he was forming a bloc to combat the "foreign bloc already organized in Congress." Some of us oppose the features of the Johnson bill, but I resent the statement of the gentleman from Ohio, and I say that when he states there is a foreign bloc in Congress he was giving to the press a statement that is not true. If he is going to adopt that kind of tactics to further the Johnson bill, he is going to get all the fight he wants on the floor of the House. There have been many organizations protesting against the bill, but I say to the gentleman from Washington and the gentleman from Ohio that they are American organizations and most of them vote the Republican ticket.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. CELLER. Mr. Speaker and gentlemen of the House, in all justice to the chairman of the Immigration Committee, and in reply to what the preceding speaker has just said, I do not think the chairman of the Committee on Immigration intended to declare that there was any alien bloc in this House. He simply used language which might imply that, but it is unfair to wrench a few words out of the context of a statement and say that the gentleman from Washington [Mr. JOHNSON] intended to indicate that there was an alien bloc in this House. If he intended that, it is unfortunate. However, I do not agree with the attitude of the gentleman from Washington with reference to the protest of the Rumanian Government. Just think, if the Rumanian Government attempted to pass a discriminatory bill against the American people, surely we would have a right to protest to the Rumanian Government. I say further that our foreign affairs are in the hands of an able Secretary of State, and we should leave them there without using intemperate language in this Chamber against a foreign government.

Mr. LAGUARDIA. Has the gentleman read the statement in the press by the gentleman from Ohio?

Mr. CELLER. I have not.

Mr. LAGUARDIA. Then the gentleman does not know what he is talking about.

Mr. CELLER. I certainly do, but you do not. I was concerned with Mr. JOHNSON'S remarks, not Mr. CABLE'S.

The SPEAKER. The time of the gentleman from New York has expired.

THE REVENUE BILL.

Mr. GREEN of Iowa. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6715) to reduce and equalize taxation, to provide revenue, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. GRAHAM of Illinois in the chair.

Mr. GREEN of Iowa. Mr. Chairman, by unanimous consent I have leave to offer an amendment to paragraph (c) on page 5, where a motion was made by the gentleman from Arkansas to strike out the section. The experts have prepared the amendment, and the gentleman from Arkansas has agreed to it. I will send the amendment to the desk to be read.

The CHAIRMAN. Without objection, the committee will return to page 5, paragraph (c). There is an amendment pending to that section, as the Chair remembers it, an amendment offered by the gentleman from Arkansas [Mr. OLDFIELD] to strike out the paragraph.

Mr. GREEN of Iowa. The gentleman from Arkansas said that he would withdraw that amendment.

The CHAIRMAN. The Chair assumes that this would take precedence of the other motion anyhow.

Mr. GREEN of Iowa. The gentleman from Arkansas and myself have agreed upon this amendment.

The Clerk read as follows:

Amendment offered by Mr. GREEN of Iowa: Page 5, strike out all of line 8 after the period, and strike out lines 9 and 10 and the part of line 11 through the period, and insert in lieu thereof the following: "The gain or loss to the distributee resulting from such exchange shall be determined under section 202, but shall be recognized only to the extent provided in section 203. There shall be taxed as a dividend to the distributee such an amount of the gain recognized under section 203 as is not in excess of his ratable share of the undistributed earnings and profits of the corporation accumulated after February 28, 1913. The remainder, if any, of the gain recognized under section 203 shall be taxed as a gain from the exchange of property."

Mr. GREEN of Iowa. Mr. Chairman, as this is a perfecting amendment it would be first in order in any event. My understanding is that this is agreeable to the gentleman from Arkansas [Mr. OLDFIELD], and if it is carried he will withdraw his motion to strike out the paragraph.

Mr. OLDFIELD. That is correct.

Mr. GREEN of Iowa. I want briefly to explain to the House the reason for this amendment. This deals with liquidating dividends. When this paragraph was read in the committee I failed to notice, and I think some of the members of the committee failed to notice, that under its provisions gains and profits which would ordinarily be distributed by the way of dividends would be distributed and taxed only under the capital assets provision. The change that is made by this amendment is that so far as the gains and profits are concerned they will be taxed under the ordinary income-tax rates, while the distribution of capital will be provided for under the other sections. That is all the difference.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. CHINDBLOM. This matter comes up now from having been passed over at some prior time until to-day. It comes now entirely new to the other members of the committee, to myself, for instance, and I would like to study it. I think it is a very important matter. Can it not go over again until to-morrow and be printed, so that we can see the effect of it?

Mr. GREEN of Iowa. Oh, I suppose so, but I think the gentleman ought to be able to see the effect of it from the reading of it.

Mr. CHINDBLOM. Not from hearing it read, with a great deal of noise around me. I shall withdraw my request, if it may be read again, to see whether some of us can get the full effect of it.

The CHAIRMAN. Without objection, the Clerk will report the paragraph as it would read if the amendment were agreed to, so that Members can get the connection.

There was no objection, and the Clerk read as follows:

(c) Amounts distributed in complete liquidation of a corporation shall be treated as in full payment in exchange for the stock, and amounts distributed in partial liquidation of a corporation shall be treated as in part or full payment in exchange for the stock. The gain or loss to the distributee resulting from such exchange shall be determined under section 202, but shall be recognized only to the extent provided in section 203. There shall be taxed as a dividend to

the distributee such an amount of the gain recognized under section 203 as is not in excess of his ratable share of the undistributed earnings and profits of the corporation accumulated after February 28, 1913. The remainder, if any, of the gain recognized under section 203 shall be taxed as a gain from the exchange of property. In the case of a distribution in partial liquidation (other than a distribution within the provisions of subdivision (g) of section 203 of stock or securities in connection with a reorganization) the part of such distribution which is properly chargeable to capital account shall not be considered a distribution of earnings or profits within the meaning of subdivision (b) of this section for the purpose of determining the taxability of subsequent distributions by the corporation.

Mr. GREEN of Iowa. I think the gentleman from Illinois [Mr. CHINDBLOM] will observe that the only effect that the amendment has in the way of change is to provide that the profits, if any, resulting from the operation of the corporation—that is, the gains or profits distributed to the stockholder—will be subject to tax at the ordinary rate, whereas as the provision read at first they would be taxable only under the capital gain section, and surely that ought to be done. If there is a profit being distributed it ought to bear that tax. It will apply to only a very few cases, but it corrects a manifest error in the provision.

Mr. CHINDBLOM. It is limited to profits gained after February 28, 1913?

Mr. GREEN of Iowa. Yes; expressly limited to that.

Mr. GARNER of Texas. I understand the gentleman from Iowa [Mr. GREEN] and the gentleman from Arkansas [Mr. OLDFIELD] have agreed upon this amendment?

Mr. GREEN of Iowa. Yes.

Mr. GARNER of Texas. And this amendment is in line with the broadening of the application of the taxes under section 203 to gains of corporations.

Mr. OLDFIELD. Liquidation.

Mr. GARNER of Texas. Liquidation.

Mr. GREEN of Iowa. It would prevent a liquidation being used to evade regular income taxes, and that is the effect of it.

Mr. GARNER of Texas. That is all right.

Mr. MILLS. Mr. Chairman, this provision as it stands in the bill was not adopted by the committee without very careful consideration, and it is perfectly consistent with general principles. What is a liquidating dividend, either partial or in total liquidation? It is the sale by the stockholder of his stock to the corporation. No one can deny that. Why should a sale of the stock by the stockholder to the corporation be treated in any other way than the sale by the stockholder of his stock to a third party? The effect of the amendment now suggested by the chairman of the committee is to make that distinction which has no basis in reason. It is not contended, as I understand it, by the gentleman, that partial liquidation can in any way be used to distribute profits, because that is covered by another section of the bill, and if the partial liquidation has the effect of a declaration of a dividend, then you tax it as a dividend?

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield there?

Mr. MILLS. Yes.

Mr. GREEN of Iowa. That is exactly what I do contend. If you will leave this provision as it is I can take any corporation that has made a large amount of profits and I can fix things so that it will distribute its profits without paying anything but the assets tax. I can do it with perfect ease.

Mr. MILLS. I would like to call the attention of the gentleman to paragraph 2 (d) on page 10, under section 203. It reads:

(2) If a distribution made in pursuance of a plan of reorganization is within the provisions of paragraph (1) but has the effect of the distribution of a taxable dividend, then there shall be taxed as a dividend to each distributee such an amount of the gain recognized under paragraph (1) as is not in excess of his ratable share of the undistributed earnings and profits of the corporation accumulated after February 28, 1913. The remainder, if any, of the gain recognized under paragraph (1) shall be taxed as a gain from the exchange of property.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield there?

Mr. MILLS. Yes.

Mr. GREEN of Iowa. That applies only to reorganization. This is not a case of reorganization. This is a liquidation, a closing out of the whole thing.

Mr. MILLS. I think the chairman knows the subject well enough to know that the term "reorganization" is broad enough to cover the situation, and there is no question but that as the bill is reported by the committee it is perfectly impossible to distribute dividends in the form of a partial liquidation. The only effect, I repeat, of the chairman's amendment is to make a distinction between a sale by the stockholder to the corporation and a sale by the stockholder to a third party. This is a distinction, I repeat, which has no basis in reason. And again, I would not quarrel with this inconsistency any more than I quarreled with some of the other inconsistencies discussed yesterday by the committee if it were an effective inconsistency, but it is a mere gesture. If there is to be a partial liquidation of a corporation, what on earth is to prevent the stockholder, two days before the liquidation, from selling his shares of the stock in the open market and getting the full benefit in the assets provision?

Mr. OLDFIELD. If he does not hold it for two years, he cannot.

Mr. MILLS. If he has not held it for two years, he can not, but that is a very small class of cases, and the man who buys them does not come under the terms of this bill, because he will pay full value for it, the liquidating dividend included. I am not going to press the matter further, except that I do think that it is a great pity that when a bill very carefully drawn, consistent throughout, is reported after consideration by the committee, without real consideration we should change important provisions of the bill, particularly when the changes are wholly ineffective.

Mr. GREEN of Iowa. Mr. Chairman, if I had supposed there was a man on this floor who would object to this amendment, I would not have brought it up this way but would have presented it to the committee. Everyone knows how pressed I have been and how pressed the committee has been. There is not anything in the statement of the gentleman from New York to the effect that this provision can be gotten around by selling shares in advance, because of the fact that that would do the man who sold no good and the man who bought would pay nothing extra. On the other hand, if we leave this provision as it stands we have an opening left as wide as a house by which an evasion can be driven through and by which the profits may be distributed through liquidation without the stockholders paying a just tax. The gentleman talks about reorganization being equivalent to liquidation. How can you have a reorganization of a corporation unless you have another corporation? When this corporation is liquidated there is nothing left. There is no reorganization. It is nothing.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. CHINDBLOM. In the event the gentleman's proposal is adopted, will there be any difference in the treatment of gains and profits in the case of the liquidation of a corporation as provided for in paragraph (c) of section 201, now under consideration, and in the treatment of gains and profits in the case of the reorganization of a corporation as provided in paragraph 2 under section 203?

Mr. GREEN of Iowa. There would not be, so far as that is concerned.

Mr. CHINDBLOM. What difference would there be in the treatment of the gains and profits? Have you not taken your language in the proposed amendment from paragraph 2 of section 203? I will read that paragraph, if I may:

(2) If a distribution made in pursuance of a plan of reorganization is within the provisions of paragraph (1) but has the effect of the distribution of a taxable dividend, then there shall be taxed as a dividend to each distributee such an amount of the gain recognized under paragraph (1) as is not in excess of his ratable share of the undistributed earnings and profits of the corporation accumulated after February 28, 1913. The remainder, if any, of the gain recognized under paragraph (1) shall be taxed as a gain from the exchange of property.

Mr. GREEN of Iowa. There would not be any difference. The effect would be just the same.

Mr. CHINDBLOM. So that you would treat the liquidation of corporation exactly as the reorganization?

Mr. GREEN of Iowa. When the effect of the reorganization is to distribute the profits, then the gains ought to be taxed; and if in the reorganization there is a gain that is taxable, it ought to be considered as a part of the distribution of the profits.

Mr. CHINDBLOM. I understand the gentleman's statement, but I am not sure about the conclusion.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. Does the gentleman from Arkansas [Mr. OLDFIELD] desire a vote on his amendment?

Mr. OLDFIELD. No; I do not desire a vote on my amendment to strike out the paragraph. I accept the amendment which has just been adopted.

The CHAIRMAN. Without objection, the amendment offered by the gentleman from Arkansas will be withdrawn.

When the committee rose last evening there was an amendment pending offered by the gentleman from Iowa [Mr. DICKINSON].

Mr. DICKINSON of Iowa. Mr. Chairman, in compliance with the suggestion made by the gentleman from Texas [Mr. GARNER], I ask unanimous consent to modify my amendment by striking out the words in the fourth line, "the principal sources of," and substituting therefor the words "substantially all the," so that the amendment as corrected will read: "but only if substantially all the income consists of amounts collected from members for the sole purpose of meeting losses and expenses."

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to modify the amendment in the manner suggested. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Modified amendment offered by Mr. DICKINSON of Iowa:

On page 73, line 21, strike out section (10) and insert in lieu thereof the following:

"(10) Farmers' or other mutual hail, cyclone, casualty, or fire insurance companies, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations; but only if substantially all the income consists of amounts collected from members for the sole purpose of meeting losses and expenses."

The CHAIRMAN. The gentleman from Indiana [Mr. PURNELL] is recognized for five minutes.

Mr. PURNELL. Mr. Chairman and gentlemen of the committee, I think it is not out of place if some suggestions be made as to the need for the adoption of this amendment. Going back to the 1917 law, let me call your attention to the language which was supposed to exempt these mutual companies. The exemption reads as follows:

SEC. 231. That the following organizations shall be exempt from taxation under this title:

(10) Farmers' or other mutual hail, cyclone, or fire insurance companies, mutual ditch or irrigation companies, mutual or cooperative telephone companies or like organizations of a purely local character, the income of which consists solely af assessments, dues, and fines collected from members for the sole purpose of meeting expenses.

This was the supposed exemption contained in the act of 1917 but which, as a matter of fact, got all of these mutual insurance companies into the trouble they have experienced since the passage of that law. It came about by reason of the fact that although they were clearly supposed to be exempted they were, because of the ambiguity of the law, continually being harassed by special agents of the Government who sought not only to collect the tax but penalties and fines in addition. The result was that these companies were not able to set aside any surplus; they were not able to expand; they were not able to buy any buildings; thrift was not only discouraged but penalized; they were not even able to accept interest on daily balances in banks.

Mr. GARNER of Texas. Will the gentleman yield?

Mr. PURNELL. In just a minute I will. This amendment seeks to clarify the existing law and, as I understand, there is no serious controversy as far as the merits of this amendment are concerned. The contention comes when we seek to determine how to really clarify the situation so that there can be no further disputes and ambiguities that will hamper these mutual insurance companies.

There are over 2,000 of these mutual insurance companies in this country, with hundreds of thousands of farmer members. That is the great justification at this particular period of agricultural distress for a clarification. These mutual insurance companies, if not given this exemption, will be at the mercy of the stock insurance companies and will be unable to expand and proceed with their business.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. PURNELL. Yes.

Mr. GREEN of Iowa. The gentleman, of course, has observed that if some such amendment as this is not adopted they will be taxed on every cent of money they take in and there will be all kinds of assessments, which is something that is not done with any of the other insurance companies.

Mr. PURNELL. Exactly.

Mr. GREEN of Iowa. And the gentleman has also observed that big fraternal insurance companies are entirely exempt from taxation under this section.

Mr. PURNELL. In my judgment, the failure to adopt this amendment will kill one of the best organized cooperative endeavors that exists in the country to-day.

Mr. MILLS. Will the gentleman yield?

Mr. PURNELL. In just a minute. I want to suggest another point that I think is very——

The CHAIRMAN. The time of the gentleman has expired.

Mr. PURNELL. May I have five additional minutes?

Mr. GARNER of Texas. Mr. Chairman, I do not intend to object, but I do want to make a suggestion to the gentleman—and this may be considered outside the RECORD if need be—and the suggestion is that this is a farmer's amendment. If the gentleman is in favor of it, it will be adopted unanimously if a vote is permitted, but if everybody in favor of the farmer wants to make a speech, we will not get through with the amendment to-day. So I just wanted to suggest to the gentleman that if he is in favor of this amendment he should permit a vote on it and let us adopt it.

Mr. PURNELL. In view of the statement of the distinguished gentleman from Texas, who up to date has been able to get through all of the amendments he has proposed, I shall follow his suggestion and relinquish my five additional minutes and ask for a vote. [Applause.] [Cries of "Vote!" "Vote!"]

Mr. CHINDBLOM. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Iowa [Mr. DICKINSON].

The CHAIRMAN. The gentleman from Illinois offers an amendment to the amendment offered by the gentleman from Iowa, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CHINDBLOM to the amendment offered by Mr. DICKINSON of Iowa: In line 5 of the amendment of the gentleman from Iowa [Mr. DICKINSON], after the words "consist of," strike out the word "amounts" and insert in lieu thereof the words "assessments, dues, and fines."

Mr. CHINDBLOM. Mr. Chairman, I do not think this is going to injure the gentleman's amendment at all, but I do believe the word "amounts" is altogether too broad to be left in the law. The word "amounts" would include any kind of a premium.

Mr. DOWELL. Will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. DOWELL. As I understand, it was clearly the intention of Congress to exempt these companies originally, but under the construction of this language by the department they have been placed under this assessment, and it seems to me the gentleman's amendment might place this in the same position it is now in and subject to another construction.

Mr. CHINDBLOM. Let me say to the gentleman that the present law which resulted in the way the gentleman has stated used the words "the income of which consists solely of assessments, dues, and fees."

Mr. DOWELL. Yes.

Mr. CHINDBLOM. When you now use the words "substantially the whole income of which consists of assessments, dues, and fees," then you have certain leeway. You have an opening for a small amount of receipts which may not be assessments, dues, and fees. But if you use the broad term "amounts collected from the members," that includes every kind of a collection from the members whether it be an assessment, dues, or a fee or any other kind of a charge.

Mr. DOWELL. These companies are only permitted to collect for certain purposes, and under the language of this amendment there can be no question about it.

Mr. CHINDBLOM. But the gentleman makes the mistake of assuming that the law contains what he has in his mind, namely, that this concerns only a certain kind of companies. This law will be construed upon the language that is used in the bill and not upon the understanding that the gentleman or I may have with reference to the manner in which these particular companies operate.

Mr. DOWELL. And that is just why I am suggesting to the gentleman that the original amendment, which clearly covers the question, should not be interfered with by his amendment which leaves the question again in doubt and permits another construction by the department.

Mr. CHINDBLOM. This is not a case of "the Greeks bearing gifts" I will say to the gentleman. I am in sympathy with the purpose of the gentleman from Iowa [Mr. DICKINSON] and I want these organizations to be exempted. I want his purpose to be achieved, but I do not want it to be accomplished in such a way as to open the door for moneys collected in any

other way than by the ordinary ways employed by these mutual companies which are described here.

Mr. GARNER of Texas, Mr. MILLS, and Mr. McLAUGHLIN of Michigan rose.

Mr. CHINDBLOM. If I have any time left I will be glad to yield to the gentleman from Texas.

The CHAIRMAN. The gentleman has two minutes.

Mr. GARNER of Texas. I want to say to the gentleman that I am just as anxious to protect the Treasury against opening this up to organizations that ought not to have the benefit of the exemption as the gentleman from Illinois, but when I raised this question yesterday I asked Mr. DICKINSON to take it to Mr. Gregg, who, I think the gentleman will admit, is the best expert we can get, who has been construing this law, and Mr. Gregg, as I understand it, is in thorough accord with the language now offered, "substantially all," and I can not see any reason why it should not go through.

Mr. CHINDBLOM. I have not talked with Mr. Gregg.

Mr. GARNER of Texas. Mr. Gregg told me this morning—I do not know whether he is on the floor, and, of course, he could not confirm it in person—but he has already approved this language, and it seems to me that ought to be all right.

Mr. CHINDBLOM. I would take that as somewhat of an assurance that the Treasury Department will construe the word "amounts" to mean "assessments, dues, and fees," and then we will accomplish by construction what I am trying to accomplish by direct words.

Mr. GARNER of Texas. Well, maybe so.

Mr. BURTNESS. Will the gentleman from Illinois yield?

Mr. CHINDBLOM. Yes.

Mr. BURTNESS. Is there not some danger that the word "assessment" may be construed to mean only an assessment levied for the purpose of paying a past loss and might not be construed to cover an assessment made for the future? That is the only objection to using the word "assessment."

Mr. CHINDBLOM. That is a valid objection, Mr. Chairman.

Mr. GREEN of Iowa. Suppose the gentleman withdraws his amendment.

Mr. CHINDBLOM. With the understanding we now have, I withdraw the amendment. We have had this discussion which shows our purpose in the matter.

The CHAIRMAN. Without objection, the amendment to the amendment offered by the gentleman from Illinois [Mr. CHINDBLOM] is withdrawn.

Mr. McLAUGHLIN of Michigan rose.

Mr. DICKINSON of Iowa. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman from Michigan is asking for recognition.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I appreciate that the House wishes to vote, and I will take only a moment or two. We are all trying to reach the same end. We wish to exempt from taxation the smaller cooperative companies, and we wish to frame the law in such a way as to take away from the larger companies the privilege we would extend to the smaller ones. It has been suggested to me, and I think the suggestion has force, that we ought not to impose a company with taxation on assessments it collects for the purpose of paying losses; but some companies—the larger ones—following the plan of collecting money for losses, have other sources of income, and sometimes incomes from these other sources are very large. If you say "substantially," it leaves it up to the department to make a ruling, and its ruling might give the advantage of this section to large companies, which ought not to be exempted. Therefore it is suggested that on line 24, after the word "only," the words "so far as" should be put in. That would exempt companies from taxation, but only so far as the income consists of assessments, dues, and so forth, and would let them be subject to taxation on the income otherwise received or received for another purpose.

Mr. BURTNESS. Will the gentleman yield?

Mr. McLAUGHLIN of Michigan. In a moment. There came to my attention this instance in actual experience: One of the small companies levied, at the beginning of the year, an assessment for the purpose of meeting losses during the year. The company very naturally and properly put the amounts collected, as they came in, in the bank and drew a little interest on them.

At the end of the year it was found that the interest amounted to less than $100, but in view of the fact that the company had an income other than the money received by assessments and fees, though all was used to pay losses, the company was taken altogether out of the provisions of this section and its entire business was made subject to tax. Now, the amount collected as interest, or otherwise collected than for the purpose of paying losses, might be very large. It might be so large, or the source of it might be such, that we would not wish to give the company the advantage of this exemption, but if we put in the words "in so far as the money collected is used for payment of losses" and so on, it would reach the companies as we wish to reach them. If they have a substantial income otherwise collected, or collected for another purpose, let them pay the tax upon it, and even the company that I am speaking of would be called upon to pay a tax on the sum which, as I have said, was less than $100.

There is merit in the suggestion of the use of the words "in so far as," and this would leave no doubt at all and would leave no room for construction by the Treasury Department which might be unfavorable.

Mr. GREEN of Iowa. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, if I have any time remaining I yield to the gentleman from North Dakota.

The CHAIRMAN. The gentleman from Iowa moves that all debate on this amendment and all amendments thereto now close.

Mr. JOHNSON of Texas. Mr. Chairman, a parliamentary inquiry. That does not include other amendments?

Mr. McLAUGHLIN of Michigan. Mr. Chairman, has my time expired?

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. JOHNSON of Texas. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. JOHNSON of Texas. I want to know whether the adoption of the motion of the gentleman from Iowa would prevent the offering of another amendment to the section?

The CHAIRMAN. Not at all. The question is on the motion of the gentleman from Iowa.

The motion was agreed to.

Mr. DICKINSON of Iowa. A parliamentary inquiry. Was the request for unanimous consent to change the wording put and adopted by the committee?

The CHAIRMAN. The modification of the amendment of the gentleman from Iowa? That is the Chair's understanding. The question is on the amendment offered by the gentleman from Iowa.

The amendment was agreed to.

Mr. JOHNSON of Texas. Now, Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 73, paragraph 10, line 24, after the word "companies" and before the semicolon, insert a comma and add these words: "and also benevolent mutual life insurance associations not operating for profit whose business is purely local and wholly for the benefit of its members."

Mr. GREEN of Iowa. Mr. Chairman, I make the point of order that that language has been agreed to and can not be amended.

The CHAIRMAN. The Chair will say to the gentleman that his amendment ought to be framed so that it will fit into the text that has been adopted.

Mr. GREEN of Iowa. May I suggest that the language that has already been adopted is not open to amendment.

The CHAIRMAN. The Chair thinks the gentleman is correct.

Mr. GARNER of Texas. Mr. Chairman, I am against my colleague's amendment, but I do believe that it is in order, if I understand the amendment. It has for its purpose exempting certain organizations from a tax. I understand that the gentleman wishes to add to those enumerated in the paragraph.

The CHAIRMAN. Let the Chair suggest that the gentleman add it at the proper place and frame it so that it fits into the language already adopted by the committee.

Mr. GARNER of Texas. I suggest to my colleague that he offer it as a separate paragraph.

The CHAIRMAN. The gentleman will be given an opportunity to put it in shape.

Mr. CHINDBLOM. While that is being done, I want to suggest whether the matter is not covered in paragraph 3 of this section already.

Mr. JOHNSON of Texas. I have changed it so as to follow the paragraph of the Dickinson amendment.

The CHAIRMAN. The gentleman offers his amendment as another paragraph, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. JOHNSON of Texas: At the end of the Dickinson amendment just adopted add the following: "Also benevolent life-insurance associations not operated for profit whose business is purely local and wholly for the benefit of its members."

Mr. GREEN of Iowa. Mr. Chairman, I make a point of order that that is already covered by subdivision (3) of this section, and that is where it ought to have been offered.

Mr. CRAMTON. And, further, Mr. Chairman, the Dickinson amendment was a complete substitute for subdivision (10), and until its adoption it was open to amendment to perfect it. But, having been adopted, subdivision (10) is disposed of, and the Dickinson amendment now can not be further amended, having been adopted by the committee. Of course, the suggestion would not apply if the language is offered to some other part of the bill or as an independent subdivision, but the Dickinson amendment was a complete paragraph, has been adopted, and is not now open to amendment.

Mr. JOHNSON of Texas. I understood that I had the right to offer another amendment that would not conflict with the Dickinson amendment. I am not seeking to change the Dickinson amendment, but simply to enlarge it.

Mr. CONNALLY of Texas. I understand the amendment offered is not to disturb the language of the Dickinson amendment, but it is to add at the end of the paragraph, to enlarge it, and so there is nothing in the point of order by the gentleman from Michigan. It does not amend the Dickinson amendment. The gentleman from Iowa [Mr. GREEN] suggests that it is not germane at this point because it should have been inserted under paragraph 3, but paragraph 3 refers to organizations that have a lodge; they must have a lodge, and the gentleman's amendment does not refer to those organizations.

Mr. JOHNSON of Texas. Mr. Chairman, I think my amendment does not conflict with the Dickinson amendment; it simply enlarges and puts in another feature not covered by the Dickinson amendment. Therefore it would be germane at this time and would not by its adoption change the Dickinson amendment. My amendment covers additional organizations not embraced in the Dickinson amendment.

Mr. DOWELL. Mr. Chairman, the difficulty with the position of the gentleman is that the entire paragraph was stricken out, and the Dickinson amendment goes in as a complete amendment. If the gentleman desired to amend it, it was in order at the time of its adoption. After its adoption it became a complete paragraph and not subject to amendment.

Mr. GREEN of Iowa. Mr. Chairman, in order to avoid taking up the time of the committee, because I think they will defeat the amendment, I withdraw the point of order.

Mr. JOHNSON of Texas. Mr. Chairman, I thank the gentleman for withdrawing his point of order but not for his prophecy of defeat of my amendment. I believe that an explanation of it will convince the membership that I am right and that they will so declare by their votes. Section 10 of the act which I am seeking to amend reads as follows:

(10) Farmers' or other mutual fire insurance companies, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations, or mutual hail or cyclone companies, but only if the income consists solely of assessments, dues, and fees collected from members for the sole purpose of meeting expenses.

It will be observed from a reading thereof that certain local mutual insurance companies therein named are exempted from taxation, those named being fire, mutual ditch or irrigation companies, mutual or cooperative telephone companies, hail, cyclone, and other companies. My amendment leaves these companies named in the bill exempt, but merely adds thereto "also benevolent mutual life insurance associations not operated for profit, whose business is purely local and wholly for the benefit of its members."

A statement of the conditions existing in my district will disclose the necessity for this amendment. In a number of communities therein there have been organized and operating a number of years local associations generally known as home benefit associations. A nominal membership fee is charged for joining, and when a death occurs the members are assessed $1.10 each, $1 thereof going to the beneficiary of the deceased member and the 10 cents is applied for the operating expenses, covering largely postage and incidental expenses of the secretary. It is purely a benevolent association, operated without any profit whatsoever. I am forcefully reminded of the need of this amendment, because at this time the revenue department of the Government is seeking to collect about $2,000 as taxes from one of these associations located at Hillsboro, Tex. I have been trying to convince the department that the association is exempt under the law, but have been unsuccessful in doing so.

Mr. HUDSPETH. Is it not absolutely on all fours with the Dickinson amendment, which exempts farmers' mutual fire insurance companies?

Mr. JOHNSON of Texas. Yes; my colleague is right, and I submit that if fire insurance associations are exempt why should not life insurance associations among farmers be likewise exempt. I can see no good reason why one should be freed from the payment of taxes and not the other.

Mr. GREEN of Iowa. Is not the tax the gentleman is talking about levied under the 1918 act?

Mr. JOHNSON of Texas. Yes; I think so.

Mr. GREEN of Iowa. They were assessed at that time, but I do not see how they can be assessed under this act.

Mr. JOHNSON of Texas. If the gentleman can convince me that the societies named in my amendment are not assessed under the present act, I shall withdraw the amendment, but I have been trying unsuccessfully to convince the revenue department, and want to be sure that there is no question about what the law is upon this subject.

Mr. GREEN of Iowa. They were subject to assessment under the 1918 act.

Mr. JOHNSON of Texas. Let me ask the distinguished gentleman who is chairman of the Ways and Means Committee what law passed since 1918 would exempt them from assessment, or what portion of the present bill that we are now considering would so exempt them? The language of the 1918 act is almost identical with the language of section 10, which I am seeking to amend, and I desire to quote the language of the 1918 act, and also an excerpt from the opinion of the Circuit Court of Appeals construing that act. Section 10 of the 1918 revenue act was as follows:

(10) Farmers' or other mutual hail, cyclone, or fire insurance companies, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations of a purely local character, the income of which consists solely of assessments, dues, and fees collected from members for the sole purpose of meeting expenses.

I contended before the Internal Revenue Department that the expression "like organizations" was intended by Congress to include benevolent life associations, but unsuccessfully, since the Circuit Court of Appeals, in the case of Bankers & Planters Mutual Insurance Association *v.* Walker (279 Fed. Rep., p. 53), had held differently. In that case the association was doing a life insurance business, and they sought to exempt themselves from the tax upon the ground that life insurance was a "like association" with those named in the act, and the court, in overruling this contention, used this language:

Life insurance is too well known and important for us to suppose the Congress would detail hail, cyclone, and fire insurance, and intend life insurance to be included in the general expression of "like association." The plaintiff is clearly liable to be taxed.

It is significant that the language of the present act, which I am seeking to amend, is almost identical in terms with that of the 1918 act, and which the courts have held does not exempt such associations as are described in my proposed amendment.

The chairman of the Ways and Means Committee insists that other legislation has been enacted which does exempt such associations, but he has failed to point out any such law, and the purpose of my amendment is to include in the exemptions those associations described therein. Mr. Chairman, I submit that these benevolent life associations do far more good than the local fire insurance associations which are protected by the bill. Why legislate in favor of those that protect from fire, and discriminate against those that give protection from death?

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Texas. Yes; I yield to my colleague from North Dakota.

Mr. BURTNESS. Do these associations operate in any way as a lodge or society?

Mr. JOHNSON of Texas. Not at all. There is no lodge and no feature resembling a lodge, and that is why the chairman of the Ways and Means Committee is in error when he claims that this amendment should have come under paragraph 3 of section 231, which relates exclusively to fraternal beneficiary societies, orders, or associations operating under the lodge system, and that is why my amendment was not germane thereunder.

Mr. BURTNESS. That is the reason they are not given the benefit of subdivision 3?

Mr. JOHNSON of Texas. Yes; that is the reason. They have no lodge feature whatsoever; they merely have a secretary

who performs clerical duties. There are no meetings held, and the secretary merely notifies the members when a death occurs, and they pay their assessments, as I have already stated.

Mr. BURTNESS. And the gentleman's only purpose is to give to these associations not operating as a lodge the same benefits that these other associations receive, such as the Shrine Widows' Fund and other organizations of that sort?

Mr. JOHNSON of Texas. The gentleman is exactly right. These local life associations serve a very useful purpose in a community and many times prevent the passing of the hat when a neighbor in unfortunate circumstances dies. I have observed in my own county and in other counties of my district a great deal of good that results therefrom. We have probably a dozen or more of these neighborhood associations alone in the district which I represent, and there are many others throughout different sections of Texas.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HUDSPETH. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended for two minutes.

The CHAIRMAN. Is there objection?

Mr. GREEN of Iowa. Reserving the right to object, does the gentleman really want the time? Just let me state to him now that the experts inform me that, unless these companies have some money out at interest from which they are getting returns, they would not be taxed in any event.

Mr. JOHNSON of Texas. If that is the law, my amendment can certainly do no harm. My experience, however, is that the revenue department does not always agree with the experts, and I would prefer to have a clear legislative expression upon the subject than to have the opinion of experts as to what the law is, since the opinion of experts is not always accepted by the revenue department, as I have shown in the Hillsboro case.

Mr. GREEN of Iowa. Oh, no; that is under the 1918 act.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JOHNSON of Texas. Mr. Chairman, I take it that no one will contend but what my amendment is both equitable and just; that it protects a class who are entitled to be protected; and the only reason that has been urged by the committee against its adoption is that the experts of the committee think that such associations are already exempt under the law, but they have failed to point out any provision of the law which does exempt these associations, either under the present or any previous law. If we did have a law which protects them, the passage of this amendment, if it does no good, can certainly do no harm. My experience is that the officers of the revenue branch of the Government are somewhat hard to convince, and my purpose in offering this amendment is to secure the passage of a law which will leave the matter no longer in doubt, so that not only the experts will agee that they are not subject to tax but that there can be no controversy about the matter hereafter. If these local associations have to pay the tax such as is being sought to be collected from the Hillsboro Association, it will result in forcing them out of business and prevent benevolent organizations of this character from operating in the future.

Mr. DENISON. And it does not make any difference what these experts say. The department will go ahead and assess the tax. I think the gentleman's amendment has merit, and I think the House ought to adopt it.

Mr. JOHNSON of Texas. The experts may be right, but their judgment does not always control the judgment of the revenue department. The passage of my amendment will beyond doubt protect these associations, locally organized, purely benevolent in their nature, and doing great good, from the iniquitous tax sought to be imposed.

Mr. HUDSPETH. And there are many of them all over the country.

Mr. JOHNSON of Texas. Yes; not only in Texas but, I understand, in other States of the Union.

I shall not detain the committee longer. If you believe in helping the farmers, if you believe in helping the man of small means who is unable to take insurance in the old-line companies, if you believe in helping these organizations that render aid in the hour of death to those who need help, you will remove all question about the existence of the law as to whether or not they are exempt from the income tax and vote for the amendment.

Local organizations of this character, operating wholly without profit, and whose purpose is purely unselfish, that of rendering aid in the hour of death, are both a social and an economic benefit to the State and Nation and should be encouraged rather than discouraged. If similar organizations, such as fire, cyclone, hail, and telephone companies, are to be exempted from the law, as they are by the terms of this bill, let us not discriminate against these local life associations, but exempt them also. By passing this amendment it will make clear that it is the intention of Congress to so exempt them, and I urge you, therefore, to support this amendment. [Applause.]

Mr. GREEN of Iowa. Mr. Chairman, if the gentleman will find any case since the 1921 act in which the department has tried to collect any taxes, I shall agree to go back to this.

Mr. JOHNSON of Texas. I cited a case.

Mr. GREEN of Iowa. But that is under the 1918 act, and the gentleman admitted that it was.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. BLANTON. I will cite a case in the district of my colleague from Texas [Mr. HUDSPETH], at San Angelo, Tex., where only recently the San Angelo Mutual Life Insurance Co., which is such an organization as this, where members paid a dollar——

Mr. GREEN of Iowa. Oh, but that is an assessment for back taxes.

Mr. BLANTON. The assessment is for this year, and they sought to put it out of existence.

Mr. GREEN of Iowa. The matter is quite plain, I think. Here on page 89 is what we have incorporated later on. It is down near the bottom of the page, under section 244. I read:

"SEC. 244. (a) In the case of a life insurance company the term "gross income" means the gross amount of income received during the taxable year from interest, dividends, and rents.

That is all that can be taxed under the present law and under the law as we will have it here.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. HUDSPETH. I am sure my friend feels certain that there is such a law, but there seems to be a question with the department about it. Then, I ask my friend what harm will it do to put it in the bill and make it absolutely certain?

Mr. GREEN of Iowa. Oh, if we did that every time there was a doubt, what would the law be?

Mr. HUDSPETH. The department holds that way.

Mr. BURTNESS. The gentleman surely does not mean to say that a charitable association in which they pay a dollar a year is a life insurance company?

Mr. GREEN of Iowa. No; but they do come under the construction of the department. The department must tax them either as a life insurance company or otherwise.

Mr. BURTNESS. It is purely a mutual association, and it is limited to the members. It is not a large fraternal organization. There is a contention, I believe, on the part of the Treasury Department officials that they must pay taxes, as has been brought out here.

Mr. CHINDBLOM. The gentleman from Texas means to assume that every association and every entity must be taxed, whether it is mentioned in this bill or not. The fact is that this bill is a grant of power to tax, and unless the power is granted in this bill there is no power to tax.

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. CONNALLY of Texas. The gentleman from Illinois [Mr. CHINDBLOM] does not draw any distinction in favor of mutual fire insurance concerns. The gentleman would apply to these little charitable organizations that pay a dollar to the widow when a member dies the same rule that applies to insurance companies.

Mr. HAWLEY. In support of the statement of the gentleman from Iowa [Mr. GREEN], I have a digest of the opinions of the department in which it is stated "no part of premiums received from the assured is now to be included in the return"; and if no such payment is included in the return, there can be no tax levied upon it.

Mr. BLANTON. Mr. Chairman, just one word——

Mr. GREEN of Iowa. Mr. Chairman, I move that all debate on this amendment close in five minutes.

The CHAIRMAN. The gentleman from Iowa moves that all debate on this amendment close in five minutes. The question is on agreeing to that motion.

The motion was agreed to.

Mr. BLANTON. Mr. Chairman, I want to cite again the case I mentioned. It is in the district of our colleague from Texas [Mr. HUDSPETH]. I happen to know, because a young friend of mine is there in charge of the business, and I have discussed the case with Mr. HUDSPETH. It is the San Angelo Mutual Life

Insurance Co. It is nothing in the world but a band of citizens there, a thousand, more or less, of them, who have put up a dollar apiece into a fund, making a burial fund of a thousand dollars, with the understanding that every time one of their number dies this thousand dollars is paid over immediately to his widow. The company has no funds. It has no profits. It has no premiums. They simply pay a dollar apiece each year to pay the secretary for handling the matter.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. HUDSPETH. In answer to the statement of my friend from Iowa [Mr. GREEN] that they do not and have not since the 1921 act demanded the payment of this tax, I ask the gentleman if they have not demanded it this year?

Mr. BLANTON. Yes; and they are trying to close them out of business. They are trying to make them pay a tax of quite a large sum. They only pay a dollar apiece when a member dies. It is like those organizations known as burial-benefit associations. In San Angelo they call it "the San Angelo Mutual Life Insurance Co.," just to give it a high-sounding name. On account of that name the Treasury officials are trying to charge them a large tax and close them out of business. You will find an organization of that kind in almost every city in our districts.

Mr. HUDSPETH. And they have not a dollar invested except this $1 for mutual benefit.

Mr. BLANTON. That is all; $1 for each death; and when a member dies they put in another dollar for the next death; and then each member puts in the $1 per year extra to pay the secretary for handling the matter.

Mr. CRAMTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. CRAMTON. Is this organization incorporated under the State?

Mr. BLANTON. I do not know whether it is or not; probably some are, but most of them are not; but it ought to be exempted from this tax, because it is nothing but a burial benefit association, to give the widow this sum in cash just as soon as her husband dies.

Mr. CRAMTON. The organization must be incorporated before it would be affected by this act. Unless a company is incorporated, nothing you can put in here will affect it.

Mr. BLANTON. This amendment, as drawn by our colleague, Judge JOHNSON of Texas, is so drawn that it will exempt them from taxes, whether they are incorporated or not, as it says "associations."

Mr. CRAMTON. Not unless they are incorporated.

Mr. BLANTON. Oh, yes it will; for it is drawn to cover incorporated associations. Most of these benefit clubs are unincorporated associations, and this amendment applies to them, I will say to the gentleman from Michigan. If he will examine the wording of the amendment he will ascertain that it is not limited to corporations. I know a lot of them that are not incorporated. If you pass this amendment it will advise the Treasury Department that we do not intend to tax them, and it will stop bothering them.

Mr. DENISON. If the gentleman will permit, I wish to say that they are worrying the same kinds of organizations that are doing business in the State of Illinois.

Mr. BLANTON. Yes. They just provide a cash burial fund in case of necessity, and it means a lot to some people.

Mr. WURZBACH. I will say that in my county we have an organization of that kind that is not incorporated.

Mr. BLANTON. I dare say the gentleman has one in every one of the counties in his district. This local arrangement has been going on for years all over the country. It is just a little mutual arrangement to help a woman out in time of need, when her husband dies.

Mr. HUDSPETH. It takes the place of the large companies, when the people are not able to join the large companies.

Mr. BLANTON. Yes; and I know that some men who are able to join large companies join these associations and they join because the money is paid immediately upon death. The money due under insurance policies is not paid as soon as a man dies, but sometimes a month or so afterwards, while this money is paid the very day a man dies. The very day a man dies this $1,000 or $500, as the case may be, is handed to his widow; she has the cash and that is the time she needs it. It is worth more to her that day, sometimes, than the money due on policies which comes afterwards, because sometimes a widow is in dire need of funds.

The CHAIRMAN. The time of the gentleman has expired. The question is on the amendment offered by the gentleman from Texas [Mr. JOHNSON].

The question was taken; and on a division (demanded by Mr. GREEN of Iowa) there were—ayes 78, noes 64.

Mr. GREEN of Iowa. Mr. Chairman, I ask for tellers.

Tellers were ordered; and the Chairman appointed as tellers Mr. HAWLEY and Mr. JOHNSON of Texas.

The committee again divided; and the tellers reported—ayes 98, noes 87.

So the amendment was agreed to.

Mr. WATKINS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Oregon offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 73, line 4, after the word "individual" strike out the period, and insert a colon and the following: *"Provided*, That there shall be exempted from taxation under this act all amounts paid as dues or membership fees (where the amount so paid is $50 or less per year), to any institution organized and operated exclusively for religious, charitable, scientific, literary, educational, recreation, pleasure, and other nonprofitable purposes, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Mr. GREEN of Iowa. Mr. Chairman, I make the point of order that this amendment is not germane to the paragraph to which it is offered nor is it germane to the section. The section pertains to corporations. The amendment does not really pertain to this title, and I can not see where it should go in the bill, if there is any place in the bill where it ought to go.

The CHAIRMAN. Does the gentleman from Oregon wish to be heard on the point of order?

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. VESTAL having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed without amendment bill of the following title:

H. R. 3198. An act to authorize the States of Alabama and Georgia, through their respective highway departments, to construct and maintain a bridge across the Chattahoochee River at or near Eufaula, Ala., connecting Barbour County, Ala., and Quitman County, Ga.

The message also announced that the Senate had passed Senate Joint Resolution 84, making appropriation for contingent expenses of the United States Senate for the fiscal year 1924, in which the concurrence of the House of Representatives was requested.

The message also announced that the Senate had passed the following bill:

S. 2583. An act granting a franking privilege to Edith Bolling Wilson.

THE REVENUE BILL.

The committee again resumed its session.

Mr. HUDSON rose.

Mr. LUCE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Massachusetts offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. LUCE moves to insert a new section as follows:

"SEC. 231a. If all the stockholders or members of a corporation agree thereto, the commissioner shall, in lieu of all income taxes imposed upon the corporation for the taxable year, tax the stockholders or members of such corporation upon their distributive shares in the net income of the corporation for the taxable year in the same manner as provided in subdivision (a) of section 218 in the case of members of a partnership, and the incomes thus taxed shall be exempt from further tax when actually distributed to the stockholders or members of the corporation."

Mr. GREEN of Iowa. Mr. Chairman, I did not understand the amendment offered by the gentleman from Massachusetts, as there was so much confusion when the amendment was proposed.

The CHAIRMAN. The gentleman from Massachusetts is offering a new section.

Mr. GREEN of Iowa. Where does it go?

The CHAIRMAN. After section 231, I assume, as that is the language in the amendment.

Mr. GREEN of Iowa. On what page of the bill?

The CHAIRMAN. The Clerk will again report the amendment, and then the gentleman from Iowa can note the language of it.

The Clerk again read the amendment.

Mr. GREEN of Iowa. Mr. Chairman, have we read through to section 232? Have we finished 231?

The CHAIRMAN. Section 231 has been finished.

Mr. CRAMTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CRAMTON. If the gentleman is now recognized to offer a new section, that will foreclose any further opportunity to amend section 231, will it not?

The CHAIRMAN. That is the Chair's idea of it.

Mr. CRAMTON. Then, will not the gentleman defer until the gentleman from Michigan [Mr. HUDSON] has an opportunity to offer an amendment to section 231?

Mr. LUCE. With the greatest pleasure.

The CHAIRMAN. The Chair will state that the Chair has been advised that the gentleman from Michigan [Mr. HUDSON] has an amendment to perfect the text of the preceding section, which he should offer now.

Mr. LUCE. I will yield with the greatest pleasure, Mr. Chairman.

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HUDSON: Page 73, line 12, strike out the word "a"; also, on page 73, line 13, after the word "person," insert "or persons."

Mr. HUDSON. Mr. Chairman, this is just to clear the intent of the bill. It does not change its effect in any way, with the exception of clearing what might be the interpretation of the word "person." We have these employees' associations that are engaged in naturalization work, conducting night schools, recreational, and sick benefits. They are associated with our automobile industries within the designated city. We simply want to correct it so this will make the meaning of the term clear.

Mr. YOUNG. Mr. Chairman, when this matter was before the committee the understanding was it was applied for by only one organization in one city of the United States, and we thought we went to the limit when we put the language we have in the bill. It seems as thought we ought not to go any further than that by an amendment offered on the floor.

Mr. HUDSON. There are 50 of these organizations.

Mr. YOUNG. So much the worse.

Mr. CRAMTON. Let me suggest to the gentleman from North Dakota [Mr. YOUNG] it is very possible that the language that is in the bill would be, in the case he speaks of at Flint, Mich., entirely ineffective, because in that case the company is made up of employees engaged in a certain industry, but not all with one employer. The language in the bill says "the employees of a designated person." The word "person" is defined in section 1:

The term "person" means an individual, a trust or estate, a partnership, or a corporation.

There is nothing to indicate that the word "person" as used in page 73, line 13, would include person or persons, and unless you do, you are doing nothing for the organization in Flint referred to. If you are going to make this exemption, it might just as well apply to an organization made up of employees of two employers as of one. I can see no objection except to making this language effective, and I hope the gentleman from North Dakota can withdraw any objection.

Mr. YOUNG. To my mind the language would simply make a bad thing worse. As a matter of fact, this whole section ought to go out, and if you are going to make it apply to a whole city and group up all the employers I should think we ought to just vote it out.

Mr. CRAMTON. The objection, if there is any, would be to the section itself, which, I am glad to say, now has the approval of the gentleman's committee, but in order to make it workable you simply extend it in this case to those who are engaged in the automobile industry, in this case having separate employers.

Mr. YOUNG. But it happens in this particular case they are doing a business of half a million dollars a year and in competition with the merchants of the city who pay taxes, and if the gentlemen of this Congress want to enlarge this privilege——

Mr. HUDSON. Will the gentleman yield for a moment?

Mr. YOUNG. Not at this time. Much of my time has been used in questions. If the gentlemen of this Congress want to exempt concerns in the different cities that do a business of half a million dollars a year in merchandising, then they ought to support this amendment.

Mr. HUDSON. Will the gentleman now yield?

Mr. YOUNG. I yield to the gentleman.

Mr. HUDSON. Have you had any objection from any mercantile concern in that city that these men were making a profit?

Mr. YOUNG. They are surely making some profit and they are taking business away from other concerns; in addition, there are other cities besides the gentleman's city, and we are supposed to have some little regard for those who pay taxes in them. We are asking a whole lot of people to pay an immense sum of taxes in this bill, and I do not think it is right to grant exemptions to people who are in business and making money in competition with other people from whom we are asking large sums in the way of taxes.

Mr. HUDSON. Mr. Chairman, I agree with the gentleman that we ought not, but this organization is not making money.

Mr. YOUNG. The record made at the hearings shows otherwise. If they are not making any money there is no reason why they should ask for this exemption. If they are not paying income taxes now why are they asking for legislation? I am wiling to stand by what our committee recommended, but I do not think what we recommended should be enlarged.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREEN of Iowa. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 10 minutes.

Mr. TREADWAY. Mr. Chairman, I would like to be heard.

Mr. MILLS. I hope the gentleman from Iowa [Mr. GREEN] will not press that motion. I have an amendment to offer.

Mr. CRAMTON. I hope the gentleman will not press his motion.

Mr. GREEN of Iowa. The gentleman from Michigan has already spoken.

Mr. CRAMTON. Oh, no; I simply interrogated the gentleman from North Dakota [Mr. YOUNG].

The CHAIRMAN. The question is on the motion of the gentleman from Iowa [Mr. GREEN] that all debate on this amendment and all amendments thereto close in 10 minutes.

The question was taken, and the motion was agreed to.

Mr. TREADWAY. Mr. Chairman——

The CHAIRMAN. The gentleman from Massachusetts, a member of the committee, is recognized.

Mr. TREADWAY. Mr. Chairman, perhaps there was no one item of a minor nature that created as much interest and consideration in the Ways and Means Committee in the preparation of this bill as the paragraph now under discussion. I fully agree with the gentleman from North Dakota [Mr. YOUNG] when he says that we are legislating for one particular organization in one particular city. I think it is an extremely poor type of legislation. I do not think it can be claimed even for the one organization in the city of Flint, Mich., that it does not have parts of its organization wherein a business is done for profit in direct competition with some one on the outside not a member of that organization.

It is true the item was approved by the Ways and Means Committee. I am free to say I did not vote for it, and I do not intend to vote for it here, and I think the amendment as offered by the gentleman representing Flint undoubtedly makes it worse than the phraseology of the bill itself. We are excluding altogether too many local things and phrasing this bill in a way to take care of particular instances. It seems to me we ought to take a broader view than that. We ought to legislate for general conditions, not for a form of organization that may be gotten together for the particular welfare of one especial group of employees. I am opposed to the whole amendment. I am opposed to the amendment now before the House on the motion of the gentleman from Michigan [Mr. HUDSON], and I would like to see the greater part of this paragraph stricken out that is in the bill now.

Mr. Chairman, how much time have I used?

The CHAIRMAN. Three minutes.

Mr. TREADWAY. I yield back two minutes.

Mr. MILLS. Mr. Chairman, I propose after this present amendment has been voted upon to offer an amendment striking out all the language after the word "welfare," in line 11, to the end of the paragraph, page 73. I do this for the reason that the section as it stands now is thoroughly objectionable in principle and one of the best examples of how holes come into the income tax law. Some one comes to the Ways and Means Committee or to the House and says that in a certain instance an injustice is done, and the committee or the House adopts an exception. If you take the section as it stands now, you are adopting the principle that any cooperative organization that is doing business, although it sells goods, although it maintains active competition with the merchants and manufacturers, as the case may be, in a particular city or locality, shall be ex-

empt from taxation. Now, to be sure, the gentleman will say that we have it so phrased that it only applies to one place, Flint, Mich. The fact is the next year some other city will come, and then another, and the first thing you know we will have a situation where all cooperative organizations do not come under the income tax law. Here is the beginning of the hole, and now is the time to plug it. Do not come back five years from now when you can drive a horse and wagon through it and complain that the income tax law is ineffective.

Mr. CRAMTON. Mr. Chairman, this situation is a very unusual one. The Committee on Ways and Means have thoroughly examined the question, and the report is now in subdivision (8), and have indorsed the principle therein set forth. Now, the gentleman from Michigan, my colleague, offers an amendment to make the section effective in what the gentleman from North Dakota says is the only organization to which it will apply. But having offered that suggestion to put language in to fit the one case, the great Committee on Ways and Means entirely repudiates their own report. I hope that we are not to gain from that the impression that the Ways and Means Committee were simply playing horse and putting a joker over in *this instance*. I do not believe that was the case, but I hope the gentlemen will join with me by supporting the amendment offered by the gentleman from Michigan [Mr. HUDSON].

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. CRAMTON. I regret that I have not the time, for it has been limited by the gentleman from Iowa. The gentleman from New York [Mr. MILLS] comes in and thinks this is a terrible affair and will make a great hole in the income tax. That is the chief trouble here. The gentleman from New York, perhaps better than anybody else in the House, knows that the great hole in the income tax is that the men who have more money than they know what to do with, with more than is good for them or their families, do not make correct returns and do not pay the taxes that they ought to [applause], and claim that we have got to make up this deficiency by putting it on the little organizations of workingmen. These are organizations for charitable, educational, and recreational purposes, and I hope the House will make the language effective by adopting the amendment by my colleague from Michigan.

The CHAIRMAN. The gentleman's time has expired, and all time has expired.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I ask unanimous consent that my colleague [Mr. HUDSON] may have three additional minutes.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that the gentleman from Michigan [Mr. HUDSON] may have three additional minutes. Is there objection?

Mr. GREEN of Iowa. Mr. Chairman, I am compelled to object; we will never get through with this bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HUDSON].

The question was taken, and the amendment was agreed to.

Mr. MILLS. Mr. Chairman, I move to amend by striking out in section 8, page 73, all after the word "welfare" in line 11, also the comma after "welfare" and substitute a semicolon.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. MILLS: Page 73, strike out the comma after the word "welfare" and insert a semicolon; strike out all of lines 11, 12, 13, 14, 15, and 16.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken, and the amendment was rejected.

Mr. DICKINSON of Iowa. Mr. Chairman, I ask unanimous consent to correct a grammatical error in the amendment adopted a short time ago by adding the letter "s" to the word "consist," as it appears in the next to the last line.

The CHAIRMAN. The gentleman asks unanimous consent to correct an error in the amendment adopted by changing the word "consist" to the word "consists." Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Massachusetts [Mr. LUCE] has an amendment which he has sent to the desk.

Mr. LUCE. Mr. Chairman, I ask unanimous consent to insert in my remarks a very brief statement.

The CHAIRMAN. General leave has been granted to all Members to extend their remarks in the RECORD.

Mr. BRIGGS. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. As the Chair understands the amendment was reported.

Mr. GREEN of Iowa. If that is the case, I desire to make a point of order to the amendment.

Mr. GARNER of Texas. When was the amendment reported?

Mr. TREADWAY. Did not the gentleman from Massachusetts withdraw his amendment? Therefore, it has not been reported to the committee at the present time.

The CHAIRMAN. That is correct. The Clerk will report the amendment.

The Clerk read as follows:

Mr. LUCE moves to insert a new paragraph as follows:

"SEC. 231a. If all the stockholders or members of a corporation agree thereto, the commissioner shall, in lieu of all income taxes imposed upon the corporation for the taxable year, tax the stockholders or members of such corporation upon their distributive shares in the net income of the corporation for the taxable year in same manner as provided in subdivision (a) of section 218 in the case of members of a partnership, and the income thus taxed shall be exempt from further tax when actually distributed to the stockholders or members of the corporation."

Mr. GREEN of Iowa. Mr. Chairman, I make the point of order that this amendment is not germane to the section. The gentleman has inserted a number of provisions besides that of exemption. He has tacked on to the end one exemption, but the main provision that is contained in his amendment is not an exemption but a system of taxation altogether different from what we have now.

The CHAIRMAN. Does the gentleman from Massachusetts desire to be heard?

Mr. LUCE. Mr. Chairman, this part relating to corporations has, after the heading in line 18, page 71, the subheading "Tax on corporations." The next heading, on page 72, is "Conditional and other exemptions of corporations," under which comes section 231. The purpose of the new section I submit is to exempt the little corporations of the country under certain conditions. I know of no other place in the bill where it will be more pertinent than under the heading "Other exemptions of corporations."'

The CHAIRMAN. Is that all the gentleman desires to say about the matter?

Mr. LUCE. Yes.

The CHAIRMAN. This is a very close question.

Mr. CHINDBLOM. Mr. Chairman, will the Chair permit a suggestion?

The CHAIRMAN. Yes.

Mr. CHINDBLOM. Section 231 begins with this language:

The following organizations shall be exempt from taxation under this title—

Then it contains subparagraphs (1) to (13), each one of which names a specific class of organizations that may be exempt from taxation. The proposal of the gentleman from Massachusetts [Mr. LUCE] is to substitute a different class of taxation in the case of certain corporations. If it is added as an amendment to section 231 it will have to be read in connection with the opening lines of section 231—

The following organizations shall be exempt from taxation under this title—

Mr. LUCE. Mr. Chairman, I had nothing more to say at the moment the Chair asked me the question, but to the suggestion of the gentleman from Illinois [Mr. CHINDBLOM] I would comment that I am adding a new section, and certainly a wholly new section can not relate back to the introduction of a preceding section.

Mr. CHINDBLOM. In that event, I beg to make the further point that it should have come at the end of section 230, which is headed "Tax on corporations." There is the amount of tax actually placed on corporations.

Mr. LUCE Oh, no; the heading of this section is "Conditional and other exemptions of corporations."

Mr CHINDBLOM. My point is that it is not an exemption, but it is merely a substitution of a different tax.

Mr. WINGO. Mr. Chairman, may I suggest this to the Chair, without knowing anything about the merits of the gentleman's amendment but purely from a parliamentary viewpoint. Section 231 covers exemptions. I think that is conceded. The subject of exemptions carries with it not only total but partial and conditional exemptions. The effect of the amendment of the gentleman from Massachusetts is to grant conditional exemptions. The objection pointed out is that it is another plan of taxation with reference to certain corporations. It will grant them certain exemptions from taxes under this title and will give them a different rate under a preceding title, but it still is a question of conditional exemption. That is the substantive proposition. I appreciate

the statement of the Chair that it is a close question, but it occurred to me that it is a conditional exemption, just as exemptions in section 231 are conditional. The point objected to by the chairman of the committee is that it carries a different plan of taxation. That is true; but if that different plan carries with it conditional exemptions, then it is germane to the section which provides exemptions.

Mr. LUCE. By use of the permission to extend and revise remarks I would make a brief statement of the nature and purpose of this amendment. As the bill now stands it would put the corporate form of doing business at a very serious disadvantage in comparison with the partnership form in the matter of the small enterprises. To illustrate, suppose four men owning a country newspaper and making $10,000 a year. As a corporation they would have to pay $1,000 a year in taxes. But as a partnership, taking $2,500 a year each, they would pay little or nothing. This means a powerful inducement to the small corporations of the country to abandon their charters, and will surely debar many other little enterprises from incorporating. It is my belief that the experience of the last 30 years, in which has come much of the increase in number of the little corporations, has proved this method of conducting business to be an economic advantage to the country. Furthermore, the abandonment of charters and the deterrence of new incorporations means important loss of revenue to the States.

Be it remembered that such payment as should be made in return for franchise privileges is already made in the shape of State franchise taxes. Whatever the Nation also takes is an addition not to be justified on any ground of particular benefit to the corporation itself as such.

The full significance of my proposal can best be gathered from examination of the following table:

Corporations reporting net income for 1921.

Amount.	Number.	Net income.	Income tax.
$0 to $2,000	75,451	$61,895,581	
$2,000 to $5,000	40,402	124,049,405	$4,529,891
$5,000 to $10,000	20,134	142,168,065	9,616,492
$10,000 to $50,000	25,327	547,473,491	46,116,863
$50,000 to $100,000	4,595	320,442,399	28,176,329
$100,000 to $250,000	3,108	478,376,439	41,993,000
$250,000 to $500,000	1,136	391,713,873	33,930,213
$500,000 to $1,000,000	555	380,316,893	33,033,759
$1,000,000 to $5,000,000	461	918,041,802	81,338,894
$5,000,000 and over	70	971,569,865	87,708,090
Total	171,239	4,336,047,813	366,443,621

It will be observed that of the 95,788 corporations then paying an income tax, 60,536, about two-thirds, paid $14,146,383, or 3.8 per cent of the total.

By no means all the proprietors of the little corporations would take advantage of the opportunity to substitute personal-income taxes. The requirement that all the stockholders shall join, automatically shuts out nearly all corporations with any considerable number of stockholders and confines the matter to concerns that are in essence partnerships. Moreover, in many cases the total incomes of some of the owners are such that there would be little or no gain from using the privilege. All this makes it impossible to estimate how much the revenues might be reduced, but taking into account the fact that the proprietors would in any event pay considerable taxes, I should doubt if the reduction amounted to much, if any, more than $10,000,000. On the other hand, far more than this may eventually be saved to the national revenue if the practice of carrying on small business by the use of charters is not handicapped to the altogether unwarranted extent that the bill in its present form threatens.

Mr. Chairman, I should be perfectly willing to have the consideration of the point of order go over if the chairman of the committee is willing to let it do so, and bring it up to-morrow. I do not want to delay matters.

Mr. GREEN of Iowa. I think we ought to dispose of it now. The proper place for this would be after section 230, with reference to the tax on corporations.

The CHAIRMAN. The proposition of the gentleman from Massachusetts [Mr. LUCE] is so close that the Chair can not be entirely satisfied with his conclusion, whichever way it may be. The title to which this is offered as an additional section is headed "Part III—Corporations." It first provides for a tax on corporations, which tax is set out in section 230. In section 231 "Conditional and other exemptions of corporations" are given. Following section 231, the gentleman from Massachusetts desires to offer an additional section, to be known as section 231 (a), which provides:

If all the stockholders or members of a corporation agree thereto, the commissioner shall, in lieu of all income taxes imposed upon the corporation for the taxable year, tax the stockholders or members of such corporation upon their distributive shares in the net income of the corporation for the taxable year in same manner as provided in subdivision (a) of section 218 in the case of members of a partnership, and the income thus taxed shall be exempt from further tax when actually distributed to the stockholders or members of the corporation.

The latter part of the amendment does provide an exemption from taxation, but the first part of the proposed section as offered sets up a new method of taxation.

It provides that if the stockholders of a corporation desire to do so, they may have their taxes imposed in the manner described in the first part of section 31 (a). That, in the opinion of the Chair, is a new subject matter, not thus far covered by the section, and is therefore not germane in the view that the Chair takes of it, and the Chair is constrained to sustain the point of order.

Mr. LUCE. Mr. Chairman, a question of parliamentary information.

The CHAIRMAN. The gentleman will state it.

Mr. LUCE. This being the case, can the amendment be offered at the conclusion of the part relative to corporations?

The CHAIRMAN. If the Chair is correct in his idea that it is a new method of taxation not set up in the bill, the same objection could be made to it at that time. The Chair is not putting his opinion on the ground that it is not in the right place, because the Chair believes it is as properly in this place here as it would be anywhere in the section, but is putting it on the broader ground that it sets up a new subject of taxation.

Mr. LUCE. But, Mr. Chairman, my understanding of the change of the rules we made at the beginning of the year was that under it we had somewhat broadened the opportunity for amendment. I suggest most respectfully that if the Chair's viewpoint at present is correct one would be precluded entirely from inserting in the bill a provision that very properly could have been retained in the bill as reported by the committee, as pertinent to the subject in issue.

The CHAIRMAN. That may be true and doubtless is true; but that is the judgment of the Chair at this time about the matter. The Chair may say incidentally that there have been printed in the RECORD certain amendments which will doubtless be offered hereafter by the members of the committee and to which the Chair has given considerable thought; and if points of order are raised when they are reached, the Chair will give his reasons in full for the decision which the Chair has now made. But until that time comes the Chair does not think it necessary to go into it further than the opinion he has just expressed.

Mr. CHINDBLOM. Mr. Chairman, as a matter of fact, the so-called exemption is not really an exemption. It is a proposal of a new method of taxation instead of the one already provided in section 230.

The CHAIRMAN. The point of order is sustained. The Clerk will read.

The Clerk read as follows:

(b) In the case of a foreign corporation or of a corporation entitled to the benefits of section 262 the deductions allowed in subdivision (a) shall be allowed only if and to the extent that they are connected with income from sources within the United States; and the proper apportionment and allocation of the deductions with respect to sources within and without the United States shall be determined as provided in section 217 under rules and regulations prescribed by the commissioner with the approval of the Secretary.

Mr. FREAR. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. FREAR: Section 230, page 80, is hereby amended by adding a new subdivision at the end thereof, as follows——

Mr. GARNER of Texas. Mr. Chairman, there is no section 230 on page 80.

The CHAIRMAN. The Clerk will report the amendment.

Mr. CHINDBLOM. Section 234.

Mr. FREAR. It should be section 234. I ask unanimous consent that it be changed.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read the amendment.

The Clerk read as follows:

Section 234, page 80, is hereby amended by adding a new subdivision at the end thereof, as follows:

"(c) In addition to the taxes hereinabove provided, there shall be levied, collected, and paid, for each of the taxable years 1922, 1923, and for each year thereafter, on that portion of the net income for any such year of every corporation, not distributed in the form of cash dividends, a tax upon the amount of such net income for such year in excess of the credits provided in section 236, and a further deduction of $3,000 for such year at the following rates:

"Five per cent of the amount of such excess not exceeding $20,000;

"Ten per cent of the amount of such excess above $20,000;

"*Provided*, That if any of such undistributed profits are taxed as above provided and the corporation shall have within two years after the payment of such tax distributed in money any of the profits upon which this tax has been paid, then the corporation shall be entitled in its next income-tax return, to a credit upon its tax so returned to the extent and amount of the tax which it has paid under provisions of this subdivision."

Mr. TILSON. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman from Connecticut makes a point of order against the amendment.

Mr. TILSON. That it is not germane.

Mr. FREAR. Does the Chair care to hear me?

The CHAIRMAN. Yes.

Mr. FREAR. I will say, Mr. Chairman, that I was asked and advised to insert it, and I have tried to insert it in the place where it would be germane. In that I have had the advice of two parliamentarians that the amendment is in its proper place. I do not see either one of them present now. But it carries out the purpose of the entire provision; that is, detailing the proper assessment to be made of the profits by the corporations.

Mr. TILSON. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. TILSON. The heading of this section 234, to which the gentleman offers an amendment, is "Deductions allowed corporations."

Mr. FREAR. Yes.

Mr. TILSON. And I understand the gentleman's amendment goes very much further than this.

Mr. GARNER of Texas. Mr. Chairman, will the gentleman from Wisconsin yield?

Mr. FREAR. Yes.

Mr. GARNER of Texas. The gentleman probably knows that I am for his amendment, but I think his amendment ought to go under section 230, on page 71. You will find that 230 is a tax on corporations. Now, so far as I am concerned, I would give unanimous consent for the gentleman to return to that for the purpose of offering his amendment. But section 234 is the "Deductions allowed corporations." This is not a deduction.

Mr. FREAR. Of course not, Mr. Chairman. I ask unanimous consent that we return to section 230 for the purpose of offering my amendment.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to return to section 230 for the purpose of offering his amendment. Is there objection?

Mr. LONGWORTH. I reserve the right to object.

Mr. TILSON. Mr. Chairman, I know no reason why the regular order should be set aside. Of course the gentleman from Wisconsin is a very valuable member of the Committee on Ways and Means and has followed the reading of this bill very closely, and it seems to me if we should yield to a member of the Ways and Means Committee to do this that then we ought to yield to anyone who should happen to let an opportunity to offer an amendment go by.

Mr. FREAR. I can see the point is well taken, and I let the opportunity go by because of an error by the typewriter operator. As the gentleman knows, I have been present all the time and endeavored to offer my amendment, as I thought, at the proper place.

Mr. TILSON. I am sorry, but it seems to me we should have a principle and stick to it.

Mr. FREAR. However, I think that is a very unfair position to take. May I have five minutes in which to speak on it? Does the gentleman object to that?

Mr. TILSON. No.

Mr. CHINDBLOM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CHINDBLOM. Is the amendment withdrawn?

Mr. FREAR. No. I move to strike out the last word.

Mr. TILSON. Mr. Chairman, unless the amendment is withdrawn I shall ask for a ruling.

The CHAIRMAN. The present situation is that a point of order is pending, but it may be withdrawn for the present.

Mr. TILSON. Mr. Chairman, I reserve the point of order.

The CHAIRMAN. The point of order is reserved, and the gentleman from Wisconsin is recognized for five minutes.

Mr. FREAR. Mr. Chairman, in view of the fact that a point of order is raised and possibly I shall be unable to have a vote upon the amendment, all I care to say is that for several years, since the decision of the court in the McCumber case as to stock dividends, we have been trying to tax stock dividends indirectly. There have been propositions time after time to tax undivided profits which go to make up stock dividends. There is no objection that I can see, constitutionally or otherwise, or by reason of any decision thus far made, to having a tax placed upon undivided profits that make up stock dividends. It has a double purpose if it is a small tax, as this is; it tends to urge the distribution of profits by the corporation instead of retaining them to go into stock dividends. If I could have had this amendment adopted, it was my purpose then to urge in this body—and I am sure it would have been urged in another, if not—that the normal tax of 12½ per cent, which is oppressive upon small corporations to-day, should be lessened and that this tax should go to make up the difference because, if you remember, on the effect of the excess-profits tax we tried to make up the shortage in revenue by increasing the corporation normal tax from 10 per cent to 12½ per cent. It seems to me we should return to the 10 per cent normal tax either by adopting this tax or by an excess-profits tax, either by an undivided profit tax, or in some such way.

I realize that the point of order has been correctly raised, but I feel the right thing to do would be for the gentleman from Connecticut to consent or for the committee to consent that I should have a vote upon the amendment which I have offered.

Mr. CRISP. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. CRISP. I would like to say that my friend from Wisconsin discussed the matter with me and I told him that in my opinion the amendment would be in order under section 230. Of course, I did not know anything about the page of the bill.

Mr. FREAR. I am placing the mistake upon the typewritten copy.

Mr. CRISP. I thought it was in order and personally I hoped the gentleman would be given unanimous consent to offer it.

Mr. TILSON. Mr. Chairman, under the reservation may I be indulged for just two minutes? It is a matter of very deep regret to refuse the request of the gentleman from Wisconsin, because he always plays the game fairly, and I certainly would not wish to play it in any other way with him. But I feel that the matter is important, as the gentleman says. To my way of thinking it would be very bad legislation if the proposed amendment should be agreed to, and feeling as I do—that it would injure the bill, that it would be unwise legislation, and that it would lead in the direction of unsafe business practice instead of good, sound business—I feel that I should be derelict in my duty if I did not avail myself of every fair parliamentary practice and procedure to defeat the amendment. As a member of the committee reporting this bill, it is all the more my duty to do everything possible that is fair and honorable to protect it from what I believe to be a serious injury, and for that reason I made the point of order.

The CHAIRMAN. If the amendment is germane at all—and as to that matter the Chair does not now rule—it should have been offered to section 230. It is not germane, concededly, to the present section, and, therefore, the point of order is sustained. The Clerk will read.

The Clerk read as follows:

ITEMS NOT DEDUCTIBLE BY CORPORATIONS.

SEC. 235. In computing net income no deduction shall in any case be allowed in respect of any of the items specified in section 215.

Mr. FREAR. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Wisconsin is recognized for five minutes.

Mr. FREAR. Mr. Chairman, I recognize the deep regret of the gentleman who has just spoken. I trust it will not cause him to lie awake nights, and that it will not cause him any worry because he made an objection of this technical nature, when I have said it was clearly a matter I overlooked because of an error made by the typewriter operator.

Mr. TILSON. Mr. Chairman, I feel I did my duty in the matter. Otherwise, as the gentleman knows, I would not have acted as I did.

Mr. FREAR. That is all right; I ask for no apologies or explanations from the gentleman. He has the right to insist on his privileges as a Member of this House.

I have been a member of this committee for a good many years and I have endeavored in every way to play fairly, and the gentleman himself has said so in committee time after time. But because of a mistake made by the typewriter operator, as I said, and because I overlooked it, he raised a point of order. And why did he raise the point of order? Because he is opposed to permitting a vote to be had; he is opposed to it on principle; but he has the technical right to object, and I have no particular objection to his assuming his technical right. But I feel it was a mistake on the part of the gentleman and on the part of the committee not to give us an opportunity to vote on this amendment at this time.

Now, Mr. Chairman, I am not going to discuss the question further because I have already explained my position. I do not care to go into it any further, but I have here an editorial taken from this morning's paper which has to do with taxation. In this morning's Washington Post is contained the following editorial extract:

The merits of the Mellon plan of tax reduction are mathematically demonstrable. The Secretary of the Treasury accompanied his proposals with figures that conclusively prove the desirability of his plan, and that, by the same token, indirectly prove the undesirability of the plan favored by the House majority.

I am going to say I agree with that proposition to a certain extent. It is mathematically to be demonstrated, but here is what is mathematically demonstrated: That $76,000,000 or $75,356,000, under Secretary Mellon's bill, according to the report, goes to 3,923 people and $11,500,000 of the reduction goes to 21 multimillionaires, and only $50,000,000, in round numbers, to 3,500,000 small taxpayers, and let me say that the distinguished Secretary whose name the bill bears and Mr. McLean, publisher of this paper, both share in the reduction to the extent of 2 per cent in that $76,000,000, as nearly as can be ascertained. They have an abiding interest in the bill.

I want to present the point, Mr. Chairman, aside from showing the personal interest of the gentleman, that the distinguished Republican leader is the one to blame, not the so-called liberals, radicals, or insurgents. We are not to blame because we can not vote upon the Mellon plan. We can not have it brought up here. I have made that point before, and as a good friend of the leader I have suggested that we have an opportunity to vote frankly upon the Mellon plan, and the Washington Post ought not to hold the insurgents, as it terms our honorable group, or others responsible, for, as I have said, it is within the power of the leader to permit a vote on the plan and not in ours. This parliamentary situation, I realize, has arisen because you had 25 per cent in the Mellon bill on which you could deal and jockey, but you could not at the same time use it for parliamentary purposes. We certainly ought not to be held responsible when we are willing to vote on the Mellon plan and we should not be charged by papers of this kind with responsibility.

Mr. DYER. Will the gentleman yield?

Mr. FREAR. I yield.

Mr. DYER. Will the gentleman state who is to blame because we do not have an opportunity to vote on the so-called Mellon plan?

Mr. FREAR. I do not know. Although I have been on the committee, I am not on the inside, so as to know why the 25 per cent proposition is put in such shape we can not reach a vote. The committee that reported in favor of the Mellon bill can answer.

Mr. SEARS of Florida rose.

The CHAIRMAN. For what purpose does the gentleman from Florida rise?

Mr. SEARS of Florida. Mr. Chairman, I move to strike out the last two words.

In this morning's paper, Mr. Chairman, I think it was, I read an article in which it was stated the Democratic Party had gone radical because we had supported the Garner plan.

We are willing to stand by the plan and to stand by our caucus. The Democratic caucus seems to be worrying some of my friends on the other side, but as far as I am concerned I am not worried in the least. But there was in that article a statement that some of the Republicans who voted for the 44 per cent plan were sorry they had so voted and if they got an opportunity they would change their votes. I hold no brief for my good friend and colleague, Mr. NELSON, or my good friend and colleague, Mr. FREAR, and the others who voted with us. I realize the Mellon plan has been on the auction block and the majority leader, laboring under the difficulty of trying to get out some bill that he could call a Republican bill, has been raising the ante until he went to 37½ per cent, but I shall refuse to believe those who voted for the Garner plan the other day, after the full and free discussion we had, will change their vote when it comes to a final record vote.

Sometimes, Mr. Chairman, principle is above price, and in making that statement I have no reflection to make against any of my Republican colleagues who believe differently from me, but I do say again I shall refuse and refrain from believing that the gentleman from Wisconsin [Mr. NELSON] was sorry he voted for the Garner plan or that such is the case with any of the others voting for the Garner plan. I think some of those who voted for the 50 per cent plan two years ago, next fall will find that they will regret they changed their attitude and accepted the bid of the distinguished diplomat from Ohio. I want to congratulate him, because he is a diplomat and should be in that service. He has had a very difficult problem to handle, but he has handled it very well, because he took so many of the 65 with him on the 37½ per cent, but when the final vote comes you will find that the Democrats, not gagged and bound and tied, as my friends on the Republican side would have the country believe, are standing for what they believe is right. We simply met in caucus under our rules, and after full and free discussion of the Garner plan agreed to support said plan. With us the majority rules——

Mr. LONGWORTH. Will the gentleman yield?

Mr. SEARS of Florida. To my good friend from Ohio, always, with pleasure.

Mr. LONGWORTH. Frankly, may I ask the gentleman if he thinks or is prepared to state that had there been no binding caucus all Democrats would have voted for the Garner plan?

Mr. SEARS of Florida. Frankly, I will answer the gentleman. First, I will answer the gentleman by asking a question. You are a regular Republican?

Mr. LONGWORTH. Of course; but that is not answering the question.

Mr. SEARS of Florida. Do you belong to the Masonic fraternity? [Laughter.]

Mr. LONGWORTH. I have asked the gentleman a question, and I see I have embarrassed the gentleman and will withdraw my question.

Mr. SEARS of Florida. You have not embarrassed me in the least. Will you tell me the secrets of that fraternity? The gentleman refuses to tell.

Mr. LONGWORTH. Is the Democratic Party a secret society? [Laughter.]

Mr. SEARS of Florida. Absolutely not—absolutely not, Mr. Chairman.

Ah, the gentleman can get away from it if he wants to, and they can talk about a caucus on this side, but during my nine years of service here I have not questioned your conferences, nor shall I. I have not questioned the papers when they stated that the distinguished gentleman from Ohio [Mr. LONGWORTH], assisted by the Speaker and the gentleman from New York [Mr. MILLS], have been meeting with the progressives, trying to buy them over for a less percentage than was contained in the Garner plan. That is your plan, and I do not intend——

Mr. LONGWORTH. Mr. Chairman, I withdraw the question. The gentleman is gravely embarrassed.

Mr. SEARS of Florida. The gentleman is not embarrassed. But I can not help but wonder why the majority leader is so anxious to know the rules and regulations of a Democratic caucus. [Cries of "Read!"] Just one minute, Mr. Chairman. While they are holloing "Read" on the Republican side I ask that that be not taken out of my time.

The CHAIRMAN (Mr. DOWELL). The gentleman has just one moment left.

Mr. SEARS of Florida. The gentleman is not embarrassed. We will run our party and you may and should run yours. Let me remind you of the Sixty-fifth Congress and the Sixty-sixth Congress, when we were supposed to be in the majority and we were in the minority. Let me remind you of the actions of the Republicans in their conference. Let me remind you of the time when you reported out a bill and would not permit a Member on your own, the Republican, side or the Democratic side to offer an amendment, and only one amendment by any Member of Congress could be offered, and that was a motion to recommit. You on the Republican side were responsible for that condition, and if that is not hog-tying people I do not know what is. In view of the above the gentleman from Ohio is the last one entitled to complain about gag rule. We met, and those who desired presented their views freely, decided the Garner plan was the best plan submitted, and it does not embarrass the gentleman from Florida in the least.

Let me again repeat I am a Democrat, and therefore I do not believe I should nor would I ask what rules govern your conference.

Mr. GREEN of Iowa. Mr. Chairman, I want to say that I shall be compelled to object to any further remarks. If I had been here when it began, I would have objected to this.

Mr. FREAR. Mr. Chairman, I offer the same amendment to section 235, subdivision (a).

The CHAIRMAN (Mr. GRAHAM of Illinois). The Clerk will report the amendment.

The Clerk read as follows:

Section 234, page 80, is hereby amended by adding a new subdivision at the end thereof, as follows:

"(c) In addition to the taxes hereinabove provided, there shall be levied, collected, and paid for each of the taxable years 1922, 1923, and for each year thereafter, on that portion of the net income for any such year of every corporation, not distributed in the form of cash dividends a tax upon the amount of such net income for such year in excess of the credits provided in section 236, and a further deduction of $3,000 for such year at the following rates:

"Five per cent of the amount of such excess not exceeding $20,000;

"Ten per cent of the amount of such excess above $20,000:

"*Provided*, That if any of such undistributed profits are taxed as above provided and the corporation shall have within two years after the payment of such tax distributed in money any of the profits upon which this tax has been paid, then the corporation shall be entitled in its next income-tax return to a credit upon its tax so returned to the extent and amount of the tax which it has paid under provisions of this subdivision."

Mr. TILSON. Mr. Chairman, I make the same point of order that I made to the other.

Mr. FREAR. I do not wish to say anything. I am trying to find where this amendment is germane, and I hope the Chair will succeed.

The CHAIRMAN. The gentleman from Wisconsin informed the Chairman early in the consideration of this bill that he was to offer this amendment, and it has appeared in the RECORD so that the Chair has had ample opportunity to examine it.

The gentleman from Wisconsin offers an amendment to the bill, to be known as section 235a and which is as follows:

In addition to the taxes herein above provided, there shall be levied, collected, and paid, for each of the taxable years 1922, 1923, and for each year thereafter on that portion of the net income for any such year of every corporation, not distributed in the form of cash dividends, a tax upon the amount of such net income for such year in excess of the credits provided in section 236, and a further deduction of $3,000 for such year at the following rates:

Five per cent of the amount of such excess not exceeding $20,000;

Ten per cent of the amount of such excess above $20,000.

Provided, That if any of such undistributed profits are taxed as above provided and the corporation shall have within two years after the payment of such tax distributed in money any of the profits upon which this tax has been paid, then the corporation shall be entitled, in its next income-tax return, to a credit upon its tax so returned to the extent and amount of the tax which it has paid under provisions of this subdivision.

To this proposed amendment a point of order is made that the amendment is not germane.

This raises a question of importance. The Chair will therefore trespass upon the time of the committee long enough to examine the question as thoroughly as the circumstances seem to justify.

It was early considered by the American Congress that it was conducive to the orderly dispatch of its business to confine amendments to matters pertinent to the subject being considered. Therefore, in 1789, a new rule in parliamentary law was adopted by the Congress. That rule and the history of succeeding rules on that subject were fully reviewed by Chairman Carlisle in a leading decision made March 17, 1880, found in Hinds' Precedents V, 5825, and I need not again call attention to it. It suffices to say that in March, 1822, a rule was adopted as follows:

No motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

In that form the rule has continued ever since and is now a part of clause 7 of Rule XVI of the House. This continued the only rule of the House on germaneness until the Sixty-second Congress on April 5, 1911, adopted a rule as follows:

No amendment shall be in order to any bill affecting revenue which is not germane to the subject matter in the bill; nor shall any amendment to any item of such bill be in order which does not directly relate to the item to which the amendment is proposed.

This became clause 3 of Rule XXI of the House and remained as such until the present session of Congress, when it was repealed.

It is obvious that any ruling made on revenue bills in the period since the adoption of the rule of April 5, 1911, constitutes no guide to us in deciding as to the germaneness of the amendment here. We must seek our precedents in the period prior to the adoption of the Underwood rule, and since March, 1822. In that period of 89 years many decisions may be found, some of which I will briefly review, together with a few recent decisions on bills other than revenue.

On January 20, 1859, Speaker Orr, of South Carolina, ruled that where a bill providing for the sale of public lands was being considered an amendment giving said land to settlers was not germane. (Hinds' V, p. 5877.)

On March 17, 1880, Chairman Carlisle held, in ruling against the germaneness to an amendment to a deficiency appropriation bill asking to make the Public Printer an elective officer of the House:

The rule does not prohibit a committee reporting a bill embracing in it as many different subjects as it may choose, but if the bill has been reported to the House no different subject can be introduced into it by amendment, whether as a substitute or otherwise.

On April 1, 1898, the naval appropriation bill was under consideration and a section had been read relative to installation of electric plants in certain ships. An amendment relating to officers on the retired list was held not germane to the section. (Hinds' V, p. 5815.)

On December 5, 1900, when an act to increase the efficiency of the Military Establishment of the United States was under consideration, a paragraph had been read fixing the size and organization of the Army. An amendment was offered to fill certain vacancies by appointments from civil life. It was held not germane to the paragraph. (Hinds' V, p. 5817.)

On April 23, 1902, while a bill relative to oleomargarine, and so forth, was before the House, Mr. Mann, of Illinois, attempted to amend it by including a reference to a section of the act not then before the committee. The Chair adhered to the ruling formerly made by Speaker Reed:

To a bill amending a general law on a specific point an amendment relating to the terms of the law rather than to those of the bill was offered and held not to be germane.

On April 6, 1909, under the consideration of a general tariff bill to an item, "Hides of cattle, raw or uncured, whether dry, salted, or pickled," an amendment adding thereto "leather and the products of leather" was held not to be germane by Chairman Olmsted. (Sixty-first Congress, first session, p. 1151.)

Again, on April 9, 1909, when an amendment was offered adding two additional items to the free list, the Chair holding that while the amendment might have been germane to a preceding paragraph it was not germane when offered. (Sixty-first Congress, first session, p. 1267.)

Again, on April 9, 1909, a section had been read relating to manufacturing under patents issued by the United States to subjects of foreign countries, an amendment was offered seeking to regulate the issuance of patents by the fixing of fees, and so forth, and was much broader than the original language. It was held not germane. (Sixty-first Congress, first session, p. 1288.)

On April 29, 1890, a bill was being considered relative to the classification of worsted goods as woolens. An amendment was offered to admit certain wools, and so forth, free of duty. It was held that the amendment was not germane. (Hinds' V, p. 5854.)

On April 18, 1902, a bill relating to reciprocal trade relations with Cuba was being considered. An amendment was offered providing for a duty on all sugars imported into the United States. Stress was placed on the intimation of Speaker Blaine on June 30, 1870, which will be hereinafter referred to. Chairman Sherman ruled it not germane, and the House reversed him on appeal. Many authorities are cited in this decision. (Hinds' V, p. 5856.) Following this, on the same day, the committee sustained the Chair in two similar rulings, thus reversing itself.

On January 16, 1906, the Philippine tariff bill was under discussion. Mr. Clark, of Missouri, offered an amendment excepting all sugars from the duties imposed by the act. Chairman Olmsted commented upon the last preceding ruling and held that there the House had subsequently reversed itself, cited many precedents in support of the rule of germaneness, and held that clearly the amendment related to a subject matter not included in the bill and sustained the point of order. (Hinds' V, p. 5857.)

To the same effect is a decision made on an amendment to the Philippine tariff bill offered by Mr. Pou, of North Carolina, January 16, 1906. (Hinds' V, p. 5858.)

On March 26, 1897, a tariff bill was under discussion. The first section had been read, declaring the imposition of certain import duties. An amendment was offered permitting free entry of goods controlled by trusts. The amendment was held not germane. (Hinds' V, p. 5812.)

On a provision relative to certain dyes in a tariff bill an amendment permitting free importation of certain agricultural produce was held not germane. (Hinds' V, p. 5813.)

On March 31, 1897, on a provision making certain duties retroactive, an amendment making trust-made articles free of duty was held not germane. (Hinds' V, p. 5814.)

On April 29, 1898, the House was considering a bill to provide ways and means to meet war expenditures. A section had been read authorizing the Secretary of the Treasury to borrow money and issue bonds. An amendment was offered to levy a tax on corporation franchises. It was held not germane to the section. (Hinds' V, p. 5816.)

On June 23, 1917, the food control bill was before the House. Section 13, giving the President power to regulate the amount of food material to be used in producing alcoholic or nonalcoholic beverages, had been read. An amendment was offered to add to the section a provision authorizing the President to take over any such alcohol, and so forth, when he deemed it necessary. The Chairman, Mr. Hamlin, of Missouri, held the amendment not germane to the paragraph.

On August 22, 1919, a bill amending the food control act was being considered. This amendment gave power to the President to prevent hoarding or limiting the supply of certain essential supplies, among others "wearing apparel." An amendment was offered adding, after "apparel," the words "raw cotton." It was held not germane, as not one of the items embraced within the bill.

On a bill to prohibit the importation of prison-made or pauper-labor-made goods, an amendment to add "goods made by child labor" was held not germane on the ground that the labor described in the bill represented but one class of labor. (Speaker Clark, Sixty-third Congress, second session, p. 5481; March 25, 1914.)

From these and many other authorities it is obvious that if the amendment offered here is to be held in order it must be not only germane to the purposes of the bill but also to the section to which offered. The reason for this rule is obvious. I can not state it better than was done by Chairman Olmsted, of Pennsylvania, on January 16, 1906. He said:

> It is a great safeguard against hasty and ill-considered action. It prevents unexpected and diverse objects from being suddenly thrust forward for the instant consideration of the House without the benefit and assistance of previous consideration and report by the appropriate committee; protects the minority from the sudden springing and enactment by the majority of new propositions, of which the minority has had no notice and no opportunity to prepare for discussion; and protects the majority from having to accept the responsibility of immediate action upon matters unexpectedly brought forward without previous committee consideration or report or opportunity for full information. (Hinds' V, p. 5860.)

The only exceptions which I have found to this general rule, which applies not only to revenue bills but to any bill, are four precedents. They are as follows:

On June 3, 1870, the House was considering a bill to reduce internal taxes. An amendment was offered reducing import duties on certain products mentioned in the bill. Speaker Blaine said he thought it would be germane, because it might be necessary to know what the external revenue on a product might be in order to determine its internal revenue. But he refused to rule, and submitted it to the House, which, on vote, held it admissible. (Hinds' V, p. 5855.) Chairman Sherman, of New York, afterwards, on June 30, 1870, in commenting on this, said:

> Speaker Blaine made no decision upon this question. He did emphatically express his judgment upon a like proposition, and after expressing his judgment, he referred the matter to the committee for decision. So that he made no decision overruling the long line preceding. (Hinds' V, p. 5856.)

On January 27, 1896, the House was considering a resolution of the Senate expressing the desire of Congress for the protection of Christians in Turkey, requesting the President to communicate these views to European nations, and pledging the support of Congress to the President in such steps as he might take. An amendment directing the President to dismiss the Turkish minister and to sever diplomatic relations was held germane.

On July 7, 1856, a bill was offered to repair and construct post-office buildings in three cities, and the committee offered an amendment providing for the same kind of buildings at other cities. This amendment was held germane. (Hinds' V, p. 5840.)

Another decision was the one of June 8, 1878. Then a bill was being considered which amended the law relative to internal revenue, and had reached the paragraph imposing a tax on manufactures of tobacco. An amendment proposing a tax on snuff, and so forth, was held germane by Speaker pro tempore Carlisle, who held that any amendment relating alone to the internal-revenue system was in order. (Hinds' V, p. 5811.) That decision, however, has not been followed, and was reversed by Speaker Carlisle in his ruling in the Public Printer case afterwards. The ruling is analyzed in another decision by Chairman Sherman in Hinds' V, page 5812, who there ruled to the contrary.

These authorities are the ones usually cited in support of the proposition that where two or more matters of similar class are embraced within a bill an amendment introducing a third is proper. It is sufficient to state that were these precedents taken as authority in this case, they do not go further than to hold that where there are more than one phase of the same subject matter involved a third is proper as an amendment. If in the case of the public buildings an amendment had been offered to build a congressional library in the city of Washington, it doubtless would have been held not germane because not in the same class.

It is claimed the adoption of the Underwood rule in 1911 and its subsequent repeal by this Congress is evidence that revenue bills were intended to be thrown open to the most liberal amendment. A careful review of the authorities will convince one that the Underwood rule did not change the existing parliamentary law, except to insert the word "item" instead of the former parliamentary practice as to paragraphs, it being the apparent purpose of the rule to provide for the expedition of the passage of a general tariff bill with many items in it. I can not refrain from calling attention here to a statement made by Mr. Mann, of Illinois, the best parliamentarian in our day, relative to the passage of the Underwood rule, which is as follows, and which was made in debate at the time the rule was adopted:

> Do you propose this as a new rule of parliamentary law? Why, every man who has even a rudimentary knowledge of parliamentary law knows that an amendment not germane to the subject matter of a bill was never in order under general parliamentary law, and yet you write it into your rules as a discovery. Is your knowledge of parliamentary law so lax that you do not know that an amendment not germane to the subject matter of the bill is not in order?
>
> Then you provide that it can not be in order with respect to a particular item unless it relates to the item. Since when did anyone think he could offer an amendment in order to any one item which did not relate to the item? Is that a Democratic discovery of parliamentary law? You have referred to this on the Democratic side as one of the important changes you propose in the rules. While this provision in the rules will do no harm, it will not change to the extent of the dotting of an "i" or the crossing of a "t" the parliamentary law as shown in the precedents from the time of Jefferson's Manual down to the present time.

Now let us test this amendment by the authority of these precedents. The amendment proposes not to amend section 230, as found in the bill, but to add a new section to the act of 1921, to be known as section 235a. This section proposes a new tax and starts with the language "in addition to the taxes herein above provided, there shall be levied, and so forth." It levies a retroactive tax on the years 1922 and 1923. It imposes these taxes on the portions of net incomes for those years which have not been distributed in cash dividends, and which are in excess of the credits in section 236. It proposes a further deduction of $3,000, makes assessments on certain percentages of undistributed dividends, and provides credit for distributed dividends.

Section 230, as it appears in the present bill, and even in the act of 1921, simply imposes a tax on net incomes with certain deductions differing, in many respects, from those in the Frear amendment.

To what portion of the act is this amendment germane? It introduces a new method of taxation not heretofore known to the law, and not to any degree mentioned in the pending bill. It is an entirely different proposition based upon an entirely different theory of taxation.

If it may be said a general internal revenue bill, embracing the many subjects this bill contains, should justify amendments as to any method of internal taxation, then it would be equally proper, it seems to the Chair, to offer here amendments providing for a general sales tax, a capital tax, a land tax, or any other method of internal taxation, and, without consideration by a committee, to bring the matter to an issue before the House.

The Chair does not believe this should be the practice, and is therefore constrained to sustain the point of order.

Mr. FREAR. Mr. Chairman, I desire to offer the amendment as a separate section at this point.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amend by adding a new section after section 235 amended by adding a new subdivision at the end thereof as follows:

"(a) In addition to the taxes herein provided, there shall be levied, collected, and paid, on that portion of the net income of every corporation not distributed in the form of cash dividends a tax upon the amount of such net income for such year in excess of the credits provided in section 236, and a further deduction of $3,000 for such year at the following rates:

"Five per cent of the amount of such excess not exceeding $20,000;

"Ten per cent of the amount of such excess above $20,000:

"*Provided*, That if any of such undistributed profits are taxed as above provided and the corporation shall have within two years after the payment of such tax distributed in money any of the profits upon which this tax has been paid, then the corporation shall be entitled in its next income-tax return, to a credit upon its tax so returned to the *extent* and amount of the tax which it has paid under provisions of this subdivision."

Mr. FREAR. Mr. Chairman, I ask unanimous consent to strike out the words "under provisions of this subdivision."

Mr. TILSON. Mr. Chairman, I make the point of order that the amendment is not germane, and cite as my authority the exhaustive——

The CHAIRMAN. Without objection, the amendment will be modified as requested.

There was no objection.

Mr. TILSON. Mr. Chairman, I make the point of order that the amendment is not germane, and cite as my authority the exhaustive and admirable ruling which has been made by the Chair.

Mr. FREAR. Mr. Chairman, I desire to be heard for a moment only. I want also to compliment the Chair for the very excellent statement that he has made and for his careful investigation and to assure the Chair in every way that I have the highest respect for his ruling.

If the Chair will now notice, I have changed the reading of the proposed amendment by striking out the retroactive feature referred to in the Chair's finding. I do not, however, assume that that point alone will change the ruling of the Chair. I do wish to state this, that at the beginning of this session, with other Members, it seemed to me desirable to procure a liberalization of the rules, so that an amendment if it were germane, or what we deem to be germane to a bill of this character, might be offered. I take it from the statement made by the Chair in his ruling that it would be immaterial, so far as the ruling is concerned, where this proposed amendment is offered.

I desire to offer it here as a separate section, so that the matter could be passed on thoroughly without the retroactive feature, and in order that I might be able to take such action as seemed to be desirable hereafter. Our purpose at the beginning of the session on the rules was undoubtedly to permit an amendment to be made, and we thought the only way we could do it was to have a modification of the so-called Underwood rule to this extent. We hoped and believed at that time that we would be able to offer any tangible, reasonable, germane proposition in respect to the method of raising taxation, like I have offered. This portion of the bill relates to corporations and it is in connection with corporation taxes. We believed that such an amendment would be proper at this time. That was the purpose of securing a liberalization of the rules. If we have not gone far enough, it certainly is the duty of the House hereafter to act further, so that the House can so liberalize its rules that amendments of this nature, which have to do directly with obtaining revenue, may be made, and so that they may be considered germane. In saying this I do not for a moment criticize the Chair or the exhaustive decision that he has made.

Mr. GARNER of Texas. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. GARNER of Texas. The Chair has ruled on this proposition and I listened to the ruling very carefully. It is a very serious question, which is subject to debate on both sides, whether this would not have been in order if the gentleman had offered it to section 230.

Mr. FREAR. I have introduced it as a separate section.

Mr. GARNER of Texas. I understand that, but let me call the attention of the gentleman to the fact that he could have gotten in, and I think he could have offered his amendment and it would have been absolutely germane if he had put it in the definition of net income. If the gentleman will turn to the net income definition he will see that he has the right there to define anything as net income of an individual.

Mr. FREAR. The gentleman, I am afraid, is mistaken, because I made the effort on tax-free securities and was ruled out.

Mr. GARNER of Texas. I know; but either the gentleman from Wisconsin or myself, I think, could have offered such a provision in this bill where the net income of the individual included profits of a corporation, and then we would have had the right to have the corporation certify to the Secretary of the Treasury the amount of profit that it made during the year. Therefore you would define the net income of an individual and at the same time have a corporation advise what that net profit was.

Mr. FREAR. Oh, it would seem to me that that is a long way around and that we ought to meet it fairly at this time or that it ought to be stricken out. It seems to me that the position of the Chair is the right one in that it is either admissible upon its merits or it is not.

Mr. BLANTON. Mr. Chairman, I make the point of order that the point of order of the gentleman from Connecticut [Mr. TILSON] comes too late in this particular instance. Let me state the parliamentary situation. The gentleman from Wisconsin [Mr. FREAR] offered an amendment which was clearly subject to a point of order. There should have been a point of order made to that amendment, but there was not. The gentleman from Connecticut sat in his seat and permitted the gentleman from Wisconsin to ask to modify the amendment which was subject to the point of order. The gentleman let him modify his amendment, the House permitted him to modify it, and the gentleman from Wisconsin did modify it. He thus modified an amendment which was subject to a point of order. The gentleman from Connecticut having permitted the amendment to come before the House, which was subject to the point of order, without making a point of order, his point of order against the modified amendment now comes too late under a well-recognized line of decisions which the gentleman from Connecticut himself helped to set as a precedent in this House.

Mr. TILSON. Oh, let me set the gentleman from Texas right. As a matter of fact, I rose and made the point of order and the gentleman from Wisconsin asked me to withhold.

Mr. BLANTON. I will submit the reporter's record. I watched the situation, and I submit the reporter's record in proof that he did not.

Mr. TILSON. The gentleman is entirely mistaken. The Chair will bear me out, because the Chair was watching me, and the gentleman from Wisconsin asked me to withhold until he could modify his amendment by unanimous consent. Even that would not have changed it, because the amendment was not really offered until a modification was made, so that the gentleman from Texas is out of court on either horn of the dilemma.

Mr. BLANTON. But the reporter's notes will show the facts.

Mr. TILSON. The amendment to which I am making the point of order is the modified amendment, and I had started to make it to the first one.

Mr. BLANTON. But the point I make is that having let the first amendment subject to a point of order come before the committee with no point of order made against it, when it was clearly subject to a point of order, the gentleman then waived his right to make a point of order after it was modified.

Mr. TILSON. I could have made it again even if I had been derelict. I would again have had the right to make the point of order after the modification had been made.

The other point, Mr. Chairman, that the gentleman from Texas [Mr. GARNER] so well referred to, even if there were no question whatsoever about the germaneness of this at another place in the bill, it certainly is not germane here. Section 230 was the proper place, if there be any proper place in the bill for such amendment. I wish to have the Chair bear that point in mind in making his ruling.

The CHAIRMAN. The Chair will state the situation as he understands it. Nothing will be gained by technicalities. We had better meet the matter fairly and dispose of it as suggested by the gentleman from Wisconsin [Mr. FREAR]. When the gentleman from Wisconsin [Mr. FREAR] rose and offered the amendment, the gentleman from Connecticut [Mr. TILSON] rose to his feet and was making a point of order——

Mr. BLANTON. But he did not make it.

The CHAIRMAN. The Chair will have to state it the way he understands it. He was making his point of order. The gentleman from Wisconsin [Mr. FREAR] was trying to get recognition to modify his amendment. The Chair stated that

without objection the modification would be made, and the gentleman from Connecticut [Mr. TILSON] was making his point of order at that time, as the Chair understood it. The Chair thinks it would be better to dispose of the matter. Is there anything more to be said on the point of order?

Mr. NELSON of Wisconsin. Mr. Chairman, just a word, since my colleague from Wisconsin [Mr. FREAR] has discussed the matter quite fully.

I wish to call the attention of the Chair and the attention of the House to the effect of this decision. In effect, Mr. Chairman, as the Chair made it quite clear, this ruling, if sustained by the committee, is equivalent to the action of the House when the Underwood rule was adopted. Obviously, the House then intended to accomplish some purpose; that was to limit the possibility of introducing just this kind of an amendment to a tariff or revenue bill. Otherwise the House was going through a futile and foolish performance.

When the Committee on Rules and the House recently took out of the rules of the House the Underwood amendment it intended to accomplish something, namely, to open the door to just this kind of an amendment. Otherwise we were going through a foolish and futile performance.

Now, as to the further effect of this decision, let me call your attention to this, Mr. Chairman: If the Chair continues to so rule that Mr. FREAR'S amendment is out of order, under clause 7 of Rule XVI "no motion on the subject different from that under consideration shall be attempted under color of an amendment." Under that rule we find clause (c). The effect of the decision of the Chair, notwithstanding we have repealed the Underwood amendment, is, in my judgment, to overrule this general rule of parliamentary practice:

(c) A general subject may be amended by specific propositions of the same class.

Now, the general subject here is taxation, and we have here many classes—six or seven at least—in this general bill.

I quote further the general summary under this section the best decisions:

Thus the following have been held to be germane: To a bill admitting several Territories in the Union, an amendment adding another Territory (V, 5838); to a bill providing for the construction of buildings in each of two cities, an amendment providing for similar buildings in several other cities (V, 5840); to a resolution embodying two distinct phases of international relationship, an amendment embodying a third (V, 5839). But to a resolution authorizing a class of employees in the service of the House, an amendment providing for the employment of a specified individual was held not to be germane (Hinds' V, 5848-5849).

The summary is this:

780. Specific subjects germane to general propositions of the class.

Now, what does the Chair's ruling mean? It means that Congress, now having under consideration a general taxation bill for many kinds of taxation, is barred from introducing a class of taxation that has been on our statute books, such as an excess-profits tax, that we repealed by our last tax bill.

Obviously if there be conflict between these former decisions and the Chair indicated conflict, let us to-day—I say to the Chairman and to the House—make a decision that gives the House the right to legislate, so that it shall not be hamstrung by any misty conflicting decisions. We thought that we opened the road for this kind of amendment, and I leave it to the House to decide whether or not we did open the way. I hope the Chair does not insist on ruling the Frear amendment out of order as an independent proposition, but if the ruling is made that it will not be sustained by the House.

Mr. MOORE of Virginia. Mr. Chairman, I am not in favor of the amendment offered by the gentleman from Wisconsin [Mr. FREAR]. If the Chair's ruling is correct and we were considering a tariff bill, we would be restrained from doing what was forbidden by section 3 of Rule XXI, but that provision has been repealed. The repeal of the rule was designed to allow the thing being done which the Frear amendment proposes.

We have here now a general tax bill, and any amendment relative to internal-revenue taxation is relevant. [Cries of "Rule!"]

Mr. BLANTON. May I offer the Chair a decision?

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. BLANTON. A section in Volume V of Hinds' Precedents, which is cited on page 340 of the manual, says:

An amendment germane to the bill as a whole, but hardly germane to any one section, may be offered at an appropriate place, with notice of motions to strike out—

And so forth.

That decision holds that even though it may not be germane at this particular place, if it is germane to the bill as a whole it could be offered. I know there is one decision cited above this which holds that it must be germane to the preceding paragraph, but the great weight of decisions upholds this proposition, that if the matter offered as a new paragraph is germane to the bill as a whole it is admissible at any appropriate place in the bill, and if it is necessary to strike out any subsequent paragraphs notice should be given at the time.

This amendment is clearly germane to the purposes of the bill. This is a revenue measure, providing various dissimilar means of taxation to raise revenue, and we are on the subject of taxing corporations. The amendment offered by the gentleman from Wisconsin is on that general subject, and under this decision in Volume V of Hinds' Precedents it occurs to me it is certainly germane.

Mr. SANDERS of Indiana. Mr. Chairman, following up the authority read by the gentleman from Texas, I think the gentleman should know what the authority really holds. The gentleman from Texas read the headline, which says:

An amendment germane to the bill as a whole, but hardly germane to any one section, may be offered at an appropriate place, with notice of motions to strike out the following sections which it would supersede.

And this is the way this occurred: There was a bill under consideration for the codification of the postal laws. After the first section was read Mr. James A. Tawney, of Minnesota, offered an amendment striking out the section as read and inserting a comprehensive scheme of classification for the Rural Mail Service, which is what we do here quite frequently. After the first section of a bill is read we move to strike out the section and substitute a whole bill; but that is not the proposition here, and if the gentleman from Texas had read the preceding section he would have come nearer reading an authority in point on this question. The preceding section says:

That an amendment inserting an additional section should be germane to the portion of the bill where it is offered.

Mr. BLANTON. I called attention to that.

Mr. SANDERS of Indiana. But the gentleman did not read it, and I want to read it to the Chair. That was back in 1852, Mr. Chairman, like a great many of the decisions the Chair has referred to in the able opinion he has just rendered, which was the most carefully considered and logical decision that has been made during my service here.

On August 11, 1852, during the consideration of the civil and diplomatic appropriation bill in Committee of the Whole House on the state of the Union, Mr. Edward Stanley offered as an additional section a provision for the completion of the hospital at Cleveland, Ohio. A point of order was made against it, and the Chairman said:

The Chair decides that we have passed the point in the bill at which it might have been offered. We shall never finish the bill unless some rule of this kind be observed.

And the Chair went on and held that in his opinion it was not germane at that particular place.

I want just for a half minute to mention the other question raised. The point was made that since the gentleman had been given unanimous consent to modify his amendment the point of order comes too late. It seems to me the Chair is clearly right in holding that the point of order was made in time. In the Committee of the Whole a gentleman can not withdraw an amendment he offers without unanimous consent; it is otherwise in the House, but in the Committee of the Whole he can not, and that rule is for the purpose of preventing filibustering by offering amendments, debating them, and then withdrawing them. As a corollary of that rule, and solely growing out of that rule, a gentleman can not modify his amendment without unanimous consent. Before debate has occurred, if a gentleman asks to modify his amendment and is given that permission, it is equivalent to the withdrawal of his amendment by unanimous consent and the offering of a new amendment. And that is precisely what occurred in this instance. The amendment was offered; there was no debate on it, and a point of order could have been made, and the gentleman from Connecticut [Mr. TILSON] was on his feet to make it. Then without debating it the gentleman asked unanimous consent to amend it, which was equivalent to asking unanimous

consent to withdraw it, and offered a new amendment to which a point of order was promptly made. It was just as much in order to make the point of order against the modified amendment as if it were a new amendment.

Mr. CHINDBLOM. Mr. Chairman, at the beginning of the reading of this bill—and I refer now to the remarks of my good friend from Wisconsin [Mr. NELSON[, who said that our action in amending the rules was futile if it did not affect the present situation—on Monday the 18th I propounded this inquiry to the chairman on page 2698 of the RECORD:

Mr. CHINDBLOM. Mr. Chairman, may I propound a further inquiry for information? As I understand it, a revenue bill now stands on the same basis as any other piece of legislation brought into the House. Would the Chair care to express an opinion on that?

The CHAIRMAN. That is the general opinion of the Chair.

Then the distinguished leader on the minority side, than whom there is no better parliamentarian in this House, arose and said:

If the Chair will permit me, it has now exactly the same status that it has had heretofore.

Then I said:

Before the adoption of the Underwood rule?

Mr. GARRETT of Tennessee. Certainly. The Underwood rule did not affect a revenue bill at all. This is a tax bill. It did affect tariff bills.

Mr. CANNON. Mr. Chairman, this is a proposition of the highest importance. It involves one of the most vital changes in the procedure of the House it would be possible to effect through a decision from the Chair.

The question presented is not, however, an intricate one. On the contrary it is comparatively elemental. To a bill raising revenue from various sources the gentleman from Wisconsin [Mr. FREAR] offers an amendment providing a further source of revenue. Against this amendment the gentleman from Connecticut [Mr. TILSON] raises the point of order that the amendment is not germane. The question therefore is whether or not it is in order to amend a bill providing several propositions of a kind by adding another proposition of the same class. Or, to differentiate further, whether it is competent to amend a bill for general objects with a specific provision.

The question is not a new one. Reference has already been made to the familiar precedent found in the manual. It is one which has been so long established and so frequently cited that it has become one of the classics among the precedents of the House. The Committee of the Whole was considering a bill admitting three Territories to statehood—Oklahoma, Arizona, and New Mexico. An amendment was offered adding Indian Territory, and the same point of order was made that has been raised here, that the amendment was not germane. The Chairman held that the amendment was a proposition to amend a general bill by the addition of a specific proposition, and therefore germane, and overruled the point of order.

In deciding the question the Chairman quoted a decision made as far back as the Thirty-fourth Congress, in which a proposition to erect a public building was offered as an amendment to a bill providing for the erection of public buildings in various States.

The point of order was raised that the amendment proposed the erection of a building in a State not mentioned in the pending bill and was therefore not germane. The Speaker held that the bill in providing for several buildings in a number of States was general in its scope and therefore subject to amendment by a proposition to erect a similar building in another State and overruled the point of order.

But it is not necessary to go back into the musty precedents of the past in order to demonstrate the admissibility of this amendment. In the Sixty-sixth Congress during the consideration of a bill, reported by the Committee on Military Affairs, providing for several Army camps in various parts of the country, an amendment was offered providing for an additional camp in another section of the country. A point of order having been interposed, the chairman held that as the bill provided for more than one camp an amendment providing for another camp was a proposition to amend a general bill with a further proposition of the same class and was therefore germane and admissible. When the bill was reported to the House the same question was submitted to Speaker GILLETT in the form of a motion to recommit, and Speaker GILLETT affirmed the decision of the chairman of the committee and again overruled the point of order.

But probably the best authority which could be submitted on this question under the circumstance is a decision on this precise point rendered by the gentleman who has raised this point of order, the gentleman from Connecticut [Mr. TILSON].

Only in the last Congress the gentleman from Connecticut, presiding as Chairman of the Committee of the Whole House on the state of the Union—and no one is better fitted to discharge the duties of that responsible position—himself passed upon this question of order. The bill under consideration, as I recall it, was a bill affecting the salaries of certain officers in the Department of Agriculture. An amendment was proposed relating to the salary of other officers of the department; in other words, to a general bill embodying several propositions, an amendment was offered relating to one or more propositions of the same class. The distinguished chairman—passing upon precisely the same question which he has just raised against the amendment of the gentleman from Wisconsin—held that as a specific proposition amending a bill providing many propositions of the same class it was germane and therefore in order.

Now, that is exactly the point under consideration here today, and the question under debate is the same question so authoritatively decided in the long line of decisions just cited. To the pending bill relating to various sources of revenue an amendment is proposed relating to an additional source of revenue.

There is one condition under which the amendment would not have been germane. Had the bill provided a single source of revenue, then an amendment adding another source of revenue would not have been germane, as one individual proposition may not be amended by another individual proposition, even though the two belong to the same class.

But the bill provides for several sources of revenue. On page 3 it provides for an income tax. On page 124 for an estate tax. On page 151 it provides for another source of revenue, a manufacturers' tax, a tax on cigars and tobacco. On page 160 it provides still another source of revenue differing entirely from those which have gone before, a tax on admissions.

Mr. FREAR. Will the gentleman yield? It provides also for a tax on automobiles and many other things under the excise-tax provision.

Mr. CANNON. Yes; there are several others. In other words, this bill provides various sources of revenue, all of them, however, of the same class.

Mr. SANDERS of Indiana. Will the gentleman yield?

Mr. CANNON. Certainly.

Mr. SANDERS of Indiana. Suppose some gentleman should now rise and offer an amendment providing that the Garner rates of taxation which were adopted the other day should be effective for one year and thereafter the following rates should be effective, naming the rates in the original bill here at this portion of the bill. Would the gentleman claim that was in order?

Mr. CANNON. That is beside the point. That question is not before us.

Mr. SANDERS of Indiana. Would that be in order?

Mr. CANNON. We are not discussing that proposition.

Mr. SANDERS of Indiana. But what does the gentleman think about that?

Mr. CANNON. That question is not raised on this point at all. We should not permit ourselves to be led away from the real proposition before the House.

Mr. LONGWORTH. Will the gentleman yield?

Mr. CANNON. With pleasure.

Mr. LONGWORTH. Does the gentleman think it would be in order at this point to introduce a tax on land values?

Mr. CANNON. It would be in order at this time to introduce any income-tax proposition along lines of raising revenue.

Mr. LONGWORTH. The gentleman contends that would be true of any form of taxation whether it had been considered by the committee or not—any form of taxation?

Mr. CANNON. Any form of income tax providing a source of revenue.

Mr. MILLS. Does the gentleman go further and say that, in the midst of an income-tax provision, you could introduce a sales tax?

Mr. CANNON. The proposition is just the proposition decided by the gentleman from Connecticut [Mr. TILSON] in the notable decision to which I have just referred. They could have introduced amendments relating to any office in the Department of Agriculture and it would have been in order.

Mr. MILLS. The gentleman does not answer my question. Does he think it is proper to amend a title dealing with an income tax by inserting in the middle of the income-tax section a sales-tax provision?

Mr. CANNON. The amendment is offered here as a separate section.

Mr. MILLS. But it is a title that deals with income taxation.

Mr. CANNON. The proposition is to tax the income of corporations, and is certainly under the proper head.

Mr. MILLS. Does the gentleman say it would be proper to introduce a sales tax?

Mr. CANNON. It would be competent to offer it at the proper place in the bill, if not at this particular place. The excess-profits tax is an income tax.

Mr. MILLS. This is not excess-profits taxes.

Mr. CANNON. I should have said an undistributed-profits tax. Now to this proposition an amendment providing a new tax of the same class is germane—it is simply amending a general proposition with a specific proposition of the same class, and I submit that under the unbroken precedents of more than half a century, and in accordance with every consideration of right and reason the amendment is in order.

The CHAIRMAN. Will the gentleman address his remarks to the Chair?

Mr. BLANTON. I make the point of order Mr. Chairman, that the Members are as much interested in this as the Chair. We have the final decision in the matter. The Chair does not have the final decision.

Mr. CANNON. I yield the floor to the gentleman from Georgia [Mr. CRISP].

Mr. CRISP. Mr. Chairman, I hesitate to enter into the discussion for I am afraid the Chair, from the able opinion which he has just rendered, has his mind made up. I am not taking issue with the Chair in sustaining the point of order to which his decision was directed, because I think the amendment was offered at the wrong place in the bill, and I do not believe it was germane to the section to which it was offered. Therefore I am in accord with the Chair in his ruling.

Now, the pending amendment offered proposes to insert, as a new section under the provisions of the bill dealing with corporation taxes, an amendment adding a new subject matter of taxation by providing that undistributed dividends in corporations shall be taxed.

The bill we are considering, according to its title, is a bill to reduce and equalize taxation, provide revenue, and for other purposes. The subject matter of that bill is to provide revenue from sundry and divers sources of taxation, to wit, the raising of revenue through internal-revenue powers of the Government, by raising it from income taxes, by raising revenue by taxing tobacco, cigars, automobiles, an inheritance tax, brokerage fees, promissory notes, deeds, and many, many different classes of subjects of taxation are embraced for the purpose of raising revenue. To my mind, the bill being general in its nature, proposing to raise revenue from many different sources, it is inconceivable to me that it is not germane to propose to raise internal revenue or excise taxes from some other class of business or property within the United States.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. CRISP. Certainly.

Mr. GARRETT of Tennessee. In view of the language the gentleman from Illinois [Mr. CHINDBLOM] read, I think emphasis should be placed upon this fact, and that is that the repeal of clause 3 in Rule XXI does not affect this situation one way or the other. The repeal of the rule does not affect it.

Mr. CRISP. I agree with the gentleman from Tennessee, and was going to address myself to that proposition. Now, Mr. Chairman, the object of rules in legislation is to have orderly procedure, and therefore common sense dictates and requires that an amendment offered must be germane to the subject matter of the bill under general parliamentary law. It always, with one exception, which I will refer to later, has been the rule. Therefore, under general parliamentary law, the proposed amendment is undoubtedly germane to the bill we are considering, for the bill is general in scope.

Now the Democrats—and I am not dodging the proposition—came into power and control of the House of Representatives in the Sixty-second Congress, and we adopted an amendment to the rule which in my judgment absolutely contravenes general parliamentary procedure so far as considering germane amendments to a general bill. That was clause 3 of Rule XXI, which provided that in a revenue bill no amendment should be in order unless it related to some item in the bill. Why was that done? We might as well face it frankly. We were going to propose amendments repealing or modifying certain schedules in the tariff law by separate or popgun bills. We did not want to consider them under a special order. If we brought in one of those bills it would have been in order under the old rules to propose amendments to some other schedules of the tariff law. So that clause 3 of Rule XXI was incorporated in the rules so that no amendment to other schedules would be in order and no other amendments could be considered unless the amendment was germane and related to some particular item in the bill. Under that drastic rule, which contravenes as I have said general parliamentary procedure, you could not offer an amendment unless it related to some item in the bill. As an illustration, under that rule if you were considering the free list of a tariff bill, placing a thousand articles on the free list, you could not offer an amendment placing another article on the free list because it was not related to some particular item that was already in the bill or on the free list.

That is not right; but that is what clause 3 of Rule XXI would have done. If you had under consideration a free list bill, and a thousand articles were on the free list, you could not have offered an amendment adding another article to that free list. That provision has remained in our rules up to this Congress. This Congress, for the purpose of going back to regular parliamentary law, for the purpose of removing that section which limited the scope of amendments, for the purpose of liberalizing the rules of the House, and that was patent and apparent all through the debate, because that was the object of the change, struck out clause 3 of Rule XXI, and that provision no longer is in the rules, but under the rules we are to consider bills and amendments offered under general parliamentary law.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. LONGWORTH. Does the gentleman go so far as the gentleman from Missouri [Mr. CANNON], that it would be in order to offer any sort of tax proposition in this bill?

Mr. CRISP. I do, as a separate section, of course, at the proper place in the bill.

Mr. LONGWORTH. Is that because this bill contains more than two different methods of taxation?

Mr. CRISP. Because, in my judgment, this is a general bill raising revenue, and it is raising it from many different sources.

Mr. LONGWORTH. I am trying to find out just where the gentleman stands. Suppose this bill contains two different methods of taxation. Would it then be in order to offer a third, a fourth, a fifth, a sixth, and so on up to a hundred?

Mr. CRISP. The answer to the gentleman's question would depend very largely upon what he means by "methods." The gentleman refers to "different methods of taxation." I do not concede that there is more than one method of taxation proposed in the bill. The bill is a general one proposing to raise revenue from sundry and divers sources.

Mr. LONGWORTH. The gentleman from Missouri [Mr. CANNON] said that in his opinion it would be in order to offer any method of taxation provided it came under the internal-revenue tax.

Mr. CRISP. I do not know what the gentleman said, but my own view is that on this bill at the proper place it would be in order to raise revenue from an excess-profits tax. I am not in favor of that and I would not vote for it, and yet I believe it would be in order to offer such an amendment to this bill. I believe, at the proper place, it would be in order to offer an amendment proposing to raise revenue from a sales tax. I am unalterably opposed to a sales tax and I would not vote for it, but this bill being general in its scope and proposing to raise revenue from sundry sources or subject matters I believe it would be in order to add a new source or a new subject matter for taxation.

Mr. LONGWORTH. Does the gentleman think that that would tend to orderly procedure? What I mean by that is this: Here is a great committee which has for months been considering a bill. That committee has decided that certain methods not different from those now in existence should be utilized. Does not the gentleman think it would conduce rather to disorder than order if now any gentleman in the House could offer at the proper place in the bill, if there should be a proper place, any sort of a method of taxation? Would not that tend to great disorder and to legislation not carefully considered? I am asking now from the standpoint of a matter of policy.

Mr. CRISP. I will answer the gentleman frankly. My answer is that before any matter can be offered it must be germane to the bill. Further, I answer, whether it is wise or foolish for the House to adopt some unbaked amendment is one thing, but whether that particular amendment be in order under the bill is another thing. I think if a proposition be offered that has not been considered, which may work contrary to what the proponent himself thinks it will, then that is a matter for debate as to the reasons why the committee

should not adopt the amendment, but I do not think that has any bearing whatever on the question of whether or not the amendment is in order to the bill.

Mr. NELSON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. NELSON of Wisconsin. Along the line of the question propounded by the distinguished gentleman from Ohio [Mr. LONGWORTH] as to the matter of order, I want to ask this question: Suppose the Committee on Ways and Means, appointed as it is, had decided by the bare vote of a majority of 1 to leave out the income-tax method of taxation. Does the gentleman think it would be wise for us to adopt a precedent whereby an overwhelming majority of the Members of the House could not in the general taxation bill reintroduce that method of taxation?

Mr. CRISP. I do not. In answer to the gentleman I would say that in a revenue bill—a bill that this bill is seeking to change and amend—several years ago there was a provision levying an excess-profits tax. In the revenue bill of 1921 which amended the revenue act we repealed the excess-profits tax, which shows that it is clearly germane to the general scope of this bill.

Mr. NELSON of Wisconsin. Following the very able opinion of the Chairman, it occurred to me, and I submit this to the gentleman, who is an expert parliamentarian——

Mr. CRISP. I do not claim to be.

Mr. NELSON of Wisconsin. That we are discussing the introduction of one class where there are several other classes all under the general subject of deriving revenue, and it seems to me the Chairman went off on the tangent of unrelated subjects not in the same class but in other classes.

Mr. CRISP. I have the utmost confidence in the Chair, and I know the Chair is going to rule according to what he believes right. I merely unfortunately differ with the Chair's intimation of his views in the ruling that he read. I did not discuss the decisions quoted by the Chair, because the able and distinguished gentleman from Missouri [Mr. CANNON], who is an expert parliamentarian, who served this House six years as parliamentarian, argued them and presented the authorities in a better and abler and more forcible way than I could. Therefore I did not care to repeat what he said.

Mr. TILSON. Before the gentleman takes his seat will he not address himself to the question of whether this amendment is offered at the proper place in the bill? I entirely agree with the gentleman from Texas [Mr. GARNER] that if there is any proper place in this bill where this might be offered, we have already passed that place. The gentleman from Wisconsin [Mr. FREAR] has deliberately slept on his rights and is now attempting to offer this amendment at a place which is not a proper place, and, according to the gentleman's own argument, this would defeat it on a point of order when offered at this place.

Mr. FREAR. Mr. Chairman, before the gentleman answers will he permit me to state just where this has been introduced? After section 235, under "Items not deductible by corporations," a separate section was introduced to precede "Credits allowed corporations."

In view of the close relation of all these questions to the merits of the corporation tax, I will ask gentlemen to keep that in mind when speaking on the subject, although that was not the basis of the decision, because the Chair frankly has gone at the question as we all desired that he should, directly.

Mr. CRISP. Answering my friend from Connecticut, I do not take exception to the ruling of the Chair. The gentleman from Wisconsin [Mr. FREAR] proposed an amendment proposing to amend certain provisions of the section of the bill to which he offered it. I do not think that was the proper place. I think the proper place was after section 230. I stated that at the beginning. Now, the gentleman is offering his proposition to amend as a new section. After a certain paragraph dealing with corporations and dealing with the income tax on corporations he proposes a new section dealing with corporations, adding new subject matters to the bill for the purpose of taxation; and it seems to me under the character of this bill, under the amended rules, under general parliamentary law, under the principle of germaneness of amendments, and under the paramount supreme precedents, to give this House an opportunity to express itself on general subjects of taxation that we are dealing with, this amendment is in order. [Applause and cries of "Vote!"]

The CHAIRMAN. The Chair recognizes the difficulty of this matter. He would state very frankly that when he started out upon the consideration of this matter he was exactly of the opinion just expressed by the gentleman from Georgia [Mr. CRISP]. He was of the opinion that a general internal revenue bill was broad enough to cover any kind of provision for the raising of internal revenue, and proceeded upon that theory until forced by the overwhelming weight of authority during a hundred years to change his mind about it.

The idea expressed by gentlemen here that where there are two or more objects of a particular class involved in a bill that another can be added by way of amendment was my former idea, but that was based on the two decisions cited by the gentleman from Missouri [Mr. CANNON]. In the first it was held that where a bill admitted several Territories into the Union, an amendment adding another Territory was germane, and that to a bill providing for the construction of buildings in each of two cities an amendment providing for similar buildings in several other cities was germane. In the first precedent everyone will concede that all the objects were in the same class, namely, the admission of Territories into the Union under the general law, and in the second precedent all will concede that all the objects were in the same class, because they were all post-office buildings.

That is not the case here. If to the bill admitting Territories some one had introduced an amendment to provide a method of government for the Territory of Alaska different from that in the other Territories of the Union to be admitted, then it would not have been germane, because it was not in the same class. If in the case of the post-office building proposition an amendment were offered to build a library, it would not have been in the same class.

Here is a bill dealing with several kinds of taxation; an income tax, a corporation tax, certain excise taxes, setting up three or four or five different methods of taxation, specific methods incorporated in the bill and reported to the House.

Now comes an amendment providing for what? Something in the same class? Not at all; something of a different class. It is internal revenue, it is true, but a totally different kind of taxation. Now, if the House, which will pass upon this ultimately—and I have no pride of opinion in the matter—decides that this sort of an amendment is proper, then any gentleman can offer an amendment relative to any form of internal taxation, and therefore, in the opinion of the Chair, disorganize the orderly procedure in such matters which ought always to be followed in a legislative body. The Chair is constrained to adhere to his ruling and sustain the point of order.

Mr. FREAR. Mr. Chairman, in consideration of the ruling of the Chair, I respectfully appeal from the decision of the Chair.

The CHAIRMAN. The Chair will ask the gentleman from Indiana [Mr. SANDERS] to assume the chair.

Mr. GARRETT of Tennessee. Mr. Chairman, the gentleman from Indiana is not here, and in order to relieve the Chair from embarrassment I will ask for tellers on that.

The CHAIRMAN. Without objection, it will be so ordered.

There was no objection.

The CHAIRMAN. The gentleman from Tennessee [Mr. GARRETT] and the gentleman from Ohio [Mr. LONGWORTH] will take their places as tellers. The question is, Shall the decision of the Chair stand as the decision of the committee? Gentlemen will pass through the tellers and be counted.

The committee divided; and the tellers reported—ayes 150, noes 164.

The CHAIRMAN. On this vote by tellers the ayes are 150 and the noes are 164, and the decision of the Chair is not sustained. The Clerk will report the amendment of the gentleman from Wisconsin for the information of the members of the committee.

The Clerk read as follows:

Amendment offered by Mr. FREAR: Amend by adding a new section after section 235, as follows:

"SEC. —. In addition to the taxes herein provided there shall be levied, collected, and paid on that portion of the net income of every corporation, not distributed in the form of cash dividends, a tax upon the amount of such net income for such year in excess of the credits provided in section 236, and a further deduction of $3,000 for such year at the following rates: Five per cent of the amount of such excess not exceeding $20,000; 10 per cent of the amount of such excess above $20,000: *Provided*, That if any of such undistributed profits are taxed as above provided and the corporation shall have within two years after the payment of such tax distributed in money any of the profits upon which this tax has been paid, then the corporation shall be entitled in its next income-tax return to a credit upon its tax so returned to the extent and amount of the tax which it has paid."

Mr. FREAR. Mr. Chairman and gentlemen of the House, I will say that I would rather have had this defeated at the outset than to have lost the opportunity to present, as I feel we may now, other legislation which affects revenues, although

not reported by the committee. To take any other course would allow a bare majority of the committee at any time to determine what might be embodied in a revenue bill, and I am glad the House has not taken that course.

I will briefly state what this amendment means. I am not going to argue it, because I think most of you understand the purpose of the amendment, but I shall be glad to have those who do not understand it ask questions because it ought to be clearly understood.

When corporations make profits, if instead of distributing their dividends, as they may, they decide to hold the dividends, as they have the right to do, then the undistributed profits with a $3,000 exemption shall be taxed 5 per cent on the first 20 per cent of the profits retained, which are placed in a bracket, so to speak, and 10 per cent on the excess of the 20 per cent profits will then be levied. In other words, they have first the exemption and then they have this tax of 5 per cent on the first $20,000 and 10 per cent on all over that amount to pay as a tax if retained undistributed. To repeat, 5 per cent of the amount of the income which is held as undistributed profits by a corporation not exceeding $20,000 shall be the first tax, and when the surplus gets beyond $20,000 then the tax shall be 10 per cent.

Secretary Houston presented this to the Congress some years ago in his report, proposed a 20 per cent undivided profits tax, but this one I have proposed is only 5 and 10 per cent in two brackets. He estimated at that time that under that tax there would be received $159,000,000, or some such figure, as I now remember, from the corporations. But he said that was not the most important part of his tax, because by placing a tax on the undivided profits held by a corporation it would cause it to distribute to the extent of $400,000,000 additional tax income to be paid by personal surtaxes. Of course, that was a large tax which he proposed, amounting to 20 per cent; I have cut that in two, and simply offer this for your consideration.

We have gone on record here in an effort to tax stock dividends. Stock dividends are made up of undivided profits, and if it is right to tax stock dividends—and I question it in some respects, because I can see a very strong argument against it from what the court says in its ruling—but there can be no excuse for not taxing these undistributed profits, so far as I can understand.

The question is raised as to the right of a corporation to lay aside money. Of course, it is true a corporation has that right for expanding its business, and that is made the principal argument against this proposition. But if a corporation has to go into the market to increase its business it can sell its stock, and if its stock is earning a reasonable profit—and in this case you see what it would be, 20 per cent originally, with only a 10 per cent tax—it will have no trouble in disposing of its stock in order to increase its business. But if it wants to retain it, like the Standard Oil Co. did in the case of the New Jersey company, which retained $400,000,000 in undivided profits, which were later turned into a stock dividend, then it should pay a tax on the undistributed profits, and this is the only way I can see of reaching them. Of course, it has been said you reach them when eventually they sell the stock, but you do not know when they will sell the stock, for they may hold it in a family for 10, 20, or 30 years, then it may be sold, and then we may or may not get the tax. Of course, as the dissenting opinion in the McCumber case says, it is a question of getting the profits upon the profits or income upon the income, to use the words of the court, if held as stock dividends.

I have offered this amendment believing it is the way to reach the profits of corporations which are retained, and I have tried to make it a reasonable rate.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FREAR. May I have two minutes more for the purpose of answering questions?

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to proceed for two additional minutes. Is there objection?

There was no objection.

Mr. GRIFFIN. I want to ask the gentleman as to what becomes of the income between $20,000 and $100,000?

Mr. FREAR. That is a mistake; in the paper you hold, I take it, it should be $20,000.

Mr. GRIFFIN. It is 5 per cent of the amount of such excess not exceeding $20,000; that is, up to $20,000.

Mr. FREAR. That is a mistake in the print and it should be corrected. The next figure is $20,000; all in excess of $20,000 would be taxed at 10 per cent.

Mr. COLTON. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. COLTON. The gentleman mentioned 8 per cent.

Mr. FREAR. That related to the excess profits and it was a mistake.

The CHAIRMAN. The gentleman from Texas [Mr. GARNER], a member of the committee, is recognized for five minutes.

Mr. GARNER of Texas. Mr. Chairman and gentlemen of the committee, I regret very much that I must differ from the gentleman from Wisconsin on this particular amendment, and I hope it will not be adopted.

Now, in order that you gentlemen may understand, remember that the difference in the normal tax of a corporation and of an individual is this: An individual is taxed 2 per cent up to $5,000, 4 per cent up to $8,000, and 6 per cent after that. That is on his income. A corporation is taxed flat to start with—whether it has $1,000 to $1,000,000—12½ per cent on all of its income; that is, on all of its profits. Keep that in your minds. In an effort to adjust the differences between a corporation and an individual Congress put a flat rate on corporations, a normal tax of 12½ per cent, whereas in this bill we have three grades for individuals—2, 4, and 6. I admit that does not entirely equalize the taxes of corporations and individuals, but no gentleman living has been able to suggest a prescription yet whereby you can equalize the taxes of a corporation and of an individual.

I am as anxious as Mr. FREAR, and I believe every gentleman here will bear me out when I say that I want to tax these undistributed profits when I have the information sufficient to tax them; but, gentleman, do not legislate in the dark. You do not know anything about this matter. We can not get the information at the present time, and I say it is better to have no legislation than to have legislation based possibly on misinformation or a lack of information.

Mr. FREAR. Will the gentleman yield?

Mr. GARNER of Texas. I yield.

Mr. FREAR. Right in line with what you said, with which I agree, I feel it is unjust to tax corporations 12½ per cent normal tax, and I would feel that this ought to help reduce that tax, because it is just to all corporations.

Mr. GARNER of Texas. Mr. Chairman, I will say this much: If Mr. FREAR and myself had the information, I do not doubt but what we could come to a conclusion within an hour as to what the rates ought to be on normal taxes on corporations and on undistributed profits. There has only been one suggestion that has appealed to me, and that has a difficulty and an almost impossibility of being put into execution, and that is the one suggested by the gentleman from South Dakota, I believe. That is a suggestion that you levy a certain tax on undistributed profits, with the option in the corporation to either pay that tax or permit its stockholders to render the profits in their individual incomes. Now, if you will analyze that in your minds just a moment you will see the effect of it. I would not mind a suggestion of that kind, because the corporation could protect itself. You do not want to force corporations to pay out their earnings. You want to encourage them to keep their earnings, if that is going to develop their business. That has been the theory of our tax system all the time—that we did not want to discourage any business in this country—and I say again that I do not want to amend this bill so that the Executive can say that he vetoes it on business reasons and appeal to the intellect of the business men of this country. I want to be careful about it, and I think we had better let this go until we have more information and until we have an opportunity to legislate with a Secretary of the Treasury who can give us information upon which we can legislate intelligently. I hope the amendment will be defeated.

Mr. Chairman, I want to include in the RECORD a telegram received this morning, which explains itself:

> You and your party are to be very highly congratulated upon the passage of the tax-reduction bill, especially the tax exemption of the single men up to $2,000. Our organization in Greater New York, consisting of the five boroughs, have a membership of over 100,000 single men. If the Republican Party fails to allow this bill to go through to final passage, our organization intends to flood the State of New York with propaganda asking every single man to help defeat the Republican Party at the coming election.

Mr. MILLS. Mr. Chairman, of course everything that my friend from Texas says is absolutely sound and true. Here is a brand new form of taxation that in so far as I know does not prevail in any other country and has never been tried in this country. No hearings have been held on it. The effects either on the revenue or on the taxpayers have at no time, in so far as I know, been studied. It originated some years ago with our friend, Doctor Adams, when he suggested that for the purpose of encouraging savings both in the case of individuals and corporations money reinvested should be taxed

at a lower rate than money actually distributed or spent. The gentleman from Wisconsin [Mr. FREAR] has conveniently forgotten just half of Doctor Adams's proposition and, of course, standing alone his half of the proposition is very difficult to justify. He proposes that in addition to the 12½ per cent which, mark you, gentlemen, is put on all of the earnings of a corporation whether distributed or not, there shall in addition be a penalty of 10 per cent imposed on the corporation if it has the good sense to reinvest some of its money in its business instead of distributing every year all the money that it makes.

The gentleman, I believe, is prompted to offer this new form of tax because of his belief that under our present high income taxes on individuals, corporations have been inclined not to distribute their earnings. That idea is so prevalent that I think gentlemen of the House will be interested to know what the actual figures show.

The figures up to the year 1916 are, I believe, complete as to all corporations. They were prepared by the National Bureau of Economic Research. They show that for the seven years from 1910 to 1916, inclusive, dividends averaged 53½ per cent of the profits available for distribution. That is, gentlemen, prior to the day of high income taxation on individuals.

From 1917 to 1922, in the case of the 141 largest industrial corporations in the United States, dividends averaged 65 per cent of profits available, and for the year 1922 approximately the same amount.

Mr. STEVENSON. Will the gentleman yield?

Mr. MILLS. I will yield in a moment. So that we find that far from having the effect which is claimed for them, that high taxes have tended to induce corporations to retain money in their business rather than to distribute it, we find that for the period since we have had these high taxes corporations, instead of distributing 53 per cent, actually distributed 65 per cent of profits available. I will put the two tables in the RECORD for the information of the House. I now yield to the gentleman.

Mr. STEVENSON. I wanted to ask whether those dividends of 65 per cent embraced stock dividends or were they cash dividends only?

Mr. MILLS. No; these were cash dividends.

Mr. STEVENSON. Just the cash dividends. I wanted to get that straight.

Mr. COOPER of Wisconsin. Will the gentleman permit an interruption?

Mr. MILLS. Gladly.

Mr. COOPER of Wisconsin. I understood the gentleman from New York to say these figures were compiled by the National Bureau of Research. What is the National Bureau of Research, and where does it get the word "National"?

Mr. MILLS. I do not want to make any mistake, but my impression is that the National Bureau of Economic Research is that bureau of economic research which was organized six or seven years ago and which made a very interesting and, I believe, admittedly accurate study of the distribution of income in the United States.

Mr. COOPER of Wisconsin. Who are its officials?

Mr. MILLS. I will be very pleased to put that in the RECORD. I have not got it here now, and I do not want to make any mistake. The bureau figures are for the years 1910 to 1916 only.

Mr. COOPER of Wisconsin. Will the gentleman pardon me just a moment? The reason I asked the question—the gentleman spoke of it as if it were some standard authority the history of which he knew all about and we were supposed to know all about. As a matter of fact, the gentleman can not give now the name of any of its officers or tell how it is organized?

Mr. MILLS. No; but I shall put that in the RECORD. As a matter of fact, I have read its publications. Their authority is recognized, and I am surprised that a gentleman who is presumably so interested in these economic questions as the distinguished Member from Wisconsin should never have had called to his attention that very interesting work published by this bureau on the division of income in the United States.

Mr. NEWTON of Minnesota. Mr. Chairman, I ask that the gentleman from New York have three minutes more.

The CHAIRMAN. The gentleman from Minnesota asks unanimous consent that the time of the gentleman from New York be extended three minutes. Is there objection?

There was no objection.

Mr. STEVENSON. Will the gentleman yield?

Mr. MILLS. I will.

Mr. STEVENSON. There are quite a large number of corporations that are not embraced in the gentleman's report which he has read—the Hyva Corporation and the Ja Ja Corporation.

Mr. MILLS. No. I will say that these are large industrial corporations——

Mr LOZIER. Will the gentleman yield?

Mr. MILLS. I will.

Mr. LOZIER. Will the gentleman permit me to say something about the National Bureau of Economic Research?

Mr. MILLS. I will be glad to have the gentleman.

Mr. LOZIER. May I say that the statistics furnished by the National Bureau of Economic Research are generally recognized as having been carefully and impartially prepared and as reflecting the results of an honest investigation by an able staff of expert statisticians and economists. Among other things, this bureau has endeavored to ascertain the national income. One staff of experts proceeded to compute the national income, using as a basis the income-tax returns and other data found in the Internal Revenue and other departments of our Government. Another staff of experts proceeded to compute the national income by ignoring income-tax returns and going direct to the original sources of production. Each unit completed its investigation and made a finding without consultation with the other and without knowing what conclusions the other had reached. There is but little difference in these two estimates of our national income, although the methods by which the results were ascertained were very different. The computations made by numerous statisticians in the past were carefully analyzed and checked by this bureau. The final estimates made by Knauth, King, Mitchell, Macaulay, and Ingalls are, in my opinion, reliable and not the product of an agency organized and maintained for the purpose of propaganda.

The CHAIRMAN. The time of the gentleman from New York [Mr. MILLS] has expired.

Mr. MILLS. I append the following tables:

TABLE A.—*Earnings and dividends by years of 141 leading industrial corporations.*

Year.	Earnings.	Cash dividends.	Balance, earnings retained.
1915	$688,131,865	$337,756,962	$350,374,903
1916	1,340,534,356	547,414,615	893,119,741
1917	1,294,547,630	637,860,575	656,687,055
1918	1,008,283,940	585,517,933	422,765,977
1919	1,088,412,320	525,936,433	462,475,857
1920	931,383,003	552,333,383	379,049,620
1921	135,834,562	515,294,597	379,460,035
1922	793,824,884	509,405,057	284,418,827
	7,280,952,560	4,211,520,615	3,069,431,945
	7,336,611,452	4,267,520,615	3,069,090,837

Relation between corporate distributions and retentions compiled from tables on pages 326 and 327 of "Income in the United States."

[National Bureau of Economic Research, New York, 1922.]

Year.	Total profits (in millions of dollars).	Distributions.		Retentions.	
		Per cent.	Amount (in millions of dollars).	Per cent.	Amount (in millions of dollars).
1910	383	55	211	45	172
1911	347	63	219	37	128
1912	385	67	258	33	127
1913	420	67	281	33	139
1914	315	79	249	21	66
1915	585	45	263	55	322
1916	1,045	37	386	63	659
Total	3,480	53.6	1,867	46.4	1,613

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F. P. Fish, the National Industrial Conference Board; Hugh Frayne, the American Federation of Labor; David Friday, the American Economic Association; W. R. Ingalls, the Engineering Council; J. M. Larkin, the Industrial Relations Association of America; George E. Roberts, the American Bankers' Association; Malcolm C. Rorty, the American Statistical Association; A. W. Shaw, the Periodical Publishers' Association; Gray Silver, the American Federation of Farm Bureaus.

Mr. JACOBSTEIN. Mr. Chairman, in spite of the great diversity of opinion in the debate thus far there seems to be an agreement of opinion on two propositions: First, that taxes ought to be cut; second, that the principle of the progressive graduated income tax is sound and should be retained in the law. I subscribe to both of these propositions.

I want to address myself to-day to the justice of applying the underlying principle of the income tax law to corporation income. This principle, briefly stated, is that each individual should help support the Government in accordance with his ability to pay. The individual's ability to pay is measured by the size of his income. Under this principle each dollar of income is supposed to yield to the Government a higher rate as the income increases upward. It is on this principle that a dollar of income of the lowest earning group pays 4 per cent and the dollar of the highest earning group pays 58 per cent to the Government.

In a very crude way an effort was made to carry out this principle from 1917 to 1921, when the corporation income tax was supplemented by a tax on excess profits. Under that law the 10 per cent corporation income tax was supplemented by an excess-profits tax of 20 and 40 per cent, depending upon the rate of return.

The repeal of the excess-profits tax was brought about by an amazing piece of subtle and effective propaganda in behalf of a small group of business interests. The substitution of a flat rate of 12½ per cent benefited the few who had been earning high rates of profits at the expense of the many corporations earning average or less than average rates of profit.

The higher the rates of profit the greater is the saving to the corporation under the operation of the present uniform rate of 12½ per cent. This is brought out in the accompanying tables. You will observe that when the net income of the corporation equals somewhere near 10 per cent on invested capital the tax paid under the flat rate of 12½ per cent is about the same as it was under the old law with the excess-profits tax. Below 10 per cent the corporation pays more under the flat rate than it previously paid. When it earns above 10 per cent it pays less to-day than formerly. The present law therefore favors the corporation earning the highest rates of profit.

In advocating as I do the application of a graduated corporation income-tax schedule, I do not have in mind an attack on big business as such. In fact, there are many large businesses, especially public utilities and railroads, which pay higher taxes under the present uniform flat rate of 12½ per cent than they did under the excess-profits rates and higher than they would under a schedule of rates such as I have in mind.

To fully appreciate the point I am trying to make you must remember that the method for calculating the tax for corporation income under my plan differs from the method or basis of calculation used with personal incomes and the personal-income tax. In the case of the personal income tax the rate increases progressively with the size of the income, whereas with the corporation income tax it would increase progressively as the rate of profits increases and has no relation to the size of the income.

Is there any reason on earth why a business corporation earning 10 per cent on its capital investment should pay a 12½ per cent rate on its profits, whereas an oil corporation earning a 100 per cent rate of profits should pay the same rate of taxes, namely, 12½ per cent? I repeat, that it is not the amount of the invested capital nor the amount of the net income which I have in mind as a basis for taxation, but rather the rate of return on capital investment.

A business corporation earning huge profits does so only by virtue, usually, either of some monopoly power or because of the imperfect workings of society in the economic control of business. In either event society is justified in taking a higher rate of revenue from such corporations than from those that earn anywhere from 5 to 10 per cent on invested capital.

There is an additional reason why we ought to capture some of these profits. The Supreme Court decision which declared stock dividends nontaxable income permits the wealthy stockholders of these large corporations to escape a tax which was originally intended to be levied upon their individual incomes. The corporations that issue stock dividends are likely to be those that are earning high rates of profits. Since, therefore, these corporations or their stockholders are escaping their share of the tax burden by the issuance of stock dividends, we ought to be resourceful and courageous enough at this time to impose a graduated tax high enough to capture some of these excessive profits before they are distributed. And, I may add, all the more so since these dividends so received may be at a later date invested in tax-exempt securities.

If it is desired that the Government should not raise any more revenue than it is now collecting from corporations, the schedule of rates could be so graduated as to spread the burden more equitably between corporations earning high rates of profits and those earning low rates of profits to the advantage of those earning low rates.

The application of a schedule of rates ranging, let us say, anywhere from 5 to 25 per cent, or higher, would undoubtedly work to the advantage of a very large number of small and some large business corporations, and especially small corporations earning only normal rates of profits.

On the other hand, if it is desired to increase our revenues from this source, for the purpose, let us say, of paying a soldier bonus, then the schedule of rates could be made correspondingly higher.

I may add also that the present flat rate of 12½ per cent applied uniformly on the net incomes of all corporations is unfair and discriminatory as against partnerships, which are subject to the personal-income tax rates on all profits, even though they are not distributed to the owners. This situation is clearly brought out in the accompanying table.

In the illustrations that I have given the figures show that the advantage is all in favor of the corporation and against the partnership. This discrimination against the partnership increases in amount as the profits rise.

A great deal has been said in support of the necessity for insisting on a larger measure of publicity in connection with the income-tax returns. This is especially true of the subject I am discussing. The country, and certainly the Ways and Means Committee, ought to know the facts regarding rates of profits earned by business corporations without revealing the identity of the specific business concern. I understand that the auditors in the income-tax division of the Treasury Department have for their confidential use a compilation of such valuable data. If Congress had access to such data, it could more intelligently draft a corporation income tax law.

But even with such meager information as is now available, supported, however, by common knowledge of profits in industry, there is every justification for writing into the law a progressively graduated corporation income-tax schedule based on net incomes as related to capital investment.

I am preparing a schedule of rates which I shall offer as an amendment to that section of the proposed bill dealing with the tax on corporation income. Mr. FREAR, of Wisconsin, has also promised to introduce an amendment of a similar character. I believe the proposition is a sound one and merits your support.

I append the following table:

Schedule showing computation of taxes for corporations under plans A, B, and C, and under the present law.

Invested capital.	Net income.	Per cent of profit on invested capital.	Plans.			Present law.
			A.	B.	C.	
$10,000	$10,000	100	$500	$500	$500	$1,000
	15,000	150	1,750	1,750	1,750	1,625
	20,000	200	3,000	3,000	3,000	2,250
$25,000	10,000	40	500	500	500	1,000
	25,000	100	4,250	4,250	4,250	3,125
	50,000	200	10,500	10,500	10,500	6,250
$50,000	10,000	20	500	500	500	1,000
	20,000	40	3,000	3,000	3,000	2,250
	50,000	100	10,500	10,500	10,500	6,250
$100,000	10,000	10	500	500	500	1,000
	20,000	20	2,250	2,500	2,500	2,250
	30,000	30	4,500	5,500	5,500	3,750
$200,000	10,000	5	500	500	500	1,000
	20,000	10	1,300	1,300	1,500	2,250
	30,000	15	2,500	3,500	3,500	3,750
	40,000	20	4,800	6,500	6,500	5,000
	60,000	30	9,300	13,000	13,000	7,500
$500,000	25,000	5	1,250	1,250	1,250	3,125
	50,000	10	3,250	3,700	4,500	6,250
	100,000	20	12,000	18,500	18,500	12,500
	150,000	30	23,250	35,000	35,000	18,750
$1,000,000	5,000	0.5	250	250	250	375
	10,000	1	500	500	500	1,000
	50,000	5	2,500	2,500	2,500	6,250
	70,000	7	4,100	5,300	4,700	8,750
	100,000	10	6,500	7,700	9,500	12,500
	110,000	11	8,000	15,500	11,500	13,750
	150,000	15	14,000	21,500	21,500	18,750
	180,000	18	20,000	34,500	31,100	22,500
	200,000	20	24,000	38,500	38,500	25,000
	300,000	30	46,500	73,000	73,000	37,500

In the above table plans A, B, C represent schedules of rates of taxation graded from 5 per cent to 25 per cent on profits based on invested capital. These tables show that small business concerns and large business concerns earning low rates of profit would be benefited as against corporations earning high rates of profit.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. JACOBSTEIN. Yes.

Mr. GREEN of Iowa. I do not understand whether the gentleman is in favor of this particular proposition or against it.

Mr. JACOBSTEIN. I favor the proposition that Mr. FREAR has introduced, but I hope also that he will introduce another proposition which will go beyond that. If we have to have a flat rate of 12½ per cent on corporations, then I think we ought to reach the undistributed profits by a graduated schedule of rates such as the Frear amendment proposes.

Mr. BURTNESS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Mr. BURTNESS, of North Dakota, offers the following amendment: At the end of the amendment add the following: "*Provided further*, That if all the shareholders of such corporation agree thereto, the commissioner may, in lieu of all income taxes imposed upon the corporation for the taxable year under this section, tax the shareholders of such corporation upon their distributive shares in the undistributed profits of the corporation for the taxable year in the same manner as provided in subdivision (a) of section 218 in the case of members of a partnership."

Mr. GREEN of Iowa. Mr. Chairman, I shall have to make a point of order to the amendment, unless the gentleman merely wants me to reserve it.

Mr. BURTNESS. Oh, no. I want the gentleman to make the point of order.

Mr. GREEN of Iowa. The amendment is not germane to the provision which is now pending. It proposes instead to attach thereto an altogether different kind of tax, which would nullify the provisions contained in the amendment offered by the gentleman from Wisconsin [Mr. FREAR].

Mr. BURTNESS. Mr. Chairman, it is evident that the gentleman from Iowa did not grasp the purport of the proposed amendment. My amendment simply does this. The amendment of the gentleman from Wisconsin [Mr. FREAR] provides that there shall be a tax of 5 to 10 per cent on the undistributed profits of corporations. My amendment proposes that in lieu of that particular tax, if the shareholders of the particular corporation so desire, the corporation instead of paying that tax from the undistributed profits may allow the shareholders, at their option, to pay a tax on their respective distributive portions of the undistributed incomes. It is simply a limitation upon the amendment proposed by the gentleman from Wisconsin. It is giving to the corporation and the stockholders the option to do one or the other, the intent of the amendment being to make provision so that the Government will not collect a larger revenue, and so that a larger burden will not be placed upon the shareholders of the corporation than is placed upon the stockholders of the corporation which distributes its profits; for in the case where the profits have been distributed, of course such profits become subject to a surtax.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. CHINDBLOM. If I understand the amendment correctly, it refers not only to these additional taxes proposed by the amendment of the gentleman from Wisconsin, but it refers to all of the taxes named in the section, and therefore it goes back and amends portions already acted on.

Mr. BURTNESS. The original amendment proposed is a separate section. It is true the word "section" is used in my amendment, but it is limited to the taxes referred to in this particular section. The amendment of the gentleman from Wisconsin has been proposed here as a separate section, and of course my amendment relates only to them. There is no attempt in the amendment to have it relate to the general corporation taxes or general income taxes.

Mr. CHINDBLOM. Not to the 12½ per cent?

Mr. BURTNESS. Not at all. It relates simply to whatever taxes would be assessed on the undistributed profits.

Mr. GREEN of Iowa. The Chair will observe that this is substantially the same amendment that was offered by the gentleman from Massachusetts [Mr. LUCE], which was ruled out of order at that time as not being at the proper place.

Mr. BURTNESS. The amendment of the gentleman from Massachusetts of course applied generally to the income of a corporation. The amendment which I have proposed to the amendment offered by the gentleman from Wisconsin applies simply to the undistributed-profits taxes proposed and which have now been held to be germane to the general questions under consideration by the House itself, or, rather, by the Committee of the Whole.

Mr. CHINDBLOM. And will the effect be then that only as to the taxes on undistributed profits may the shareholders have their taxes distributed to themselves instead of charged to corporations?

Mr. BURTNESS. That is true in so far as my amendment is concerned.

Mr. CHINDBLOM. But as to the general corporate tax of 12½ per cent, that shall still be paid by the corporation, and no opportunity afforded the shareholders to have that distributed to themselves.

Mr. BURTNESS. In so far as my amendment is concerned, that is correct. It relates only to the taxes suggested in Mr. FREAR'S amendments, and affects no other one way or the other.

The CHAIRMAN. The Chair is somewhat loose from his moorings on this proposition since the recent action of the committee, but it occurs to the Chair that in view of the subject matter of the original amendment, the matter sought to be added by the gentleman from North Dakota [Mr. BURTNESS] would not be germane. The Frear amendment provides that in addition to the taxes provided herein there shall be collected and paid on that portion of the net income of every corporation not distributed, in the form of cash dividends, a tax upon the amount of such net income, if such is in excess of the credits provided in section 236, and a further deduction of $3,000 for such year, and then it gives the rate that the tax shall be. Then it provides that if any of such undistributed profits are taxed as above provided and the corporation shall have within two years after the payment of such tax distribute in money any of the profits, then the corporation shall be entitled to a credit in its income-tax return for the amount that has been distributed. The gentleman from North Dakota [Mr. BURTNESS] now seeks to add to that the following:

Provided further, That if all the shareholders of such corporation agree thereto, the commission may in lieu of all income taxes imposed upon the corporation for the taxable year under this section tax the shareholders of such corporation upon their distributive shares in the undistributed profits of the corporation for the taxable year in the same manner as provided in subdivision (a) of section 218 in the case of members of a partnership.

Mr. BURTNESS. Mr. Chairman, may I submit a request for unanimous consent, and that is, to modify my amendment by omitting the word "income" as it appears before the word "taxes," leaving just the word "taxes."

The CHAIRMAN. Without objection, the modification will be made.

There was no objection.

Mr. BURTNESS. So that it will read:

All taxes imposed on corporations under this section.

The CHAIRMAN. The Chair does not understand the decision of the committee in reversing the Chair a moment ago to go further than to declare that the amendment offered by the gentleman from Wisconsin would be proper if offered at the proper place. But here is a particular method of taxation which the gentleman from Wisconsin [Mr. FREAR] has proposed. It is proposed to give the commissioner the option as to whether it should be done in that way or done in another way, specified in the amendment. The Chair does not believe that is germane to the purposes of the original amendment, and sustains the point of order.

Mr. BURTNESS. Mr. Chairman, I seek recognition on the Frear amendment.

The CHAIRMAN. The gentleman is recognized.

Mr. BURTNESS. Mr. Chairman, I am not one of those who feel that the corporations of this country are the proper prey for the collection of the largest amount of tax possible, or anything of that sort. I am very much disappointed by the fact that the Committee on Ways and Means found it impossible to reduce the normal tax upon corporations, for, as you will recall, the only tax which was increased two years ago was the normal tax on corporations, which was increased from 10 to 12½ per cent.

The idea contained in the amendment in question, in harmony with the theory of the gentleman from Wisconsin [Mr. FREAR], and the gentleman from New York [Mr. JACOBSTEIN] who have

just spoken, is that in the case of all corporations they should all be treated fairly and alike. Now, then, what does the amendment proposed by the gentleman from Wisconsin [Mr. FREAR] really do? Some one suggested that he is trying to seek out a new method of taxation to find new property to tax. It does not do anything whatsoever of the kind. It is rather an amendment to prevent some corporations, or rather the people interested in such corporations, from dodging the payment of taxes that have been imposed and have been included in our corporate income-tax legislation from the very beginning, and in that way it attempts to make the stockholders of one corporation stand on the same basis as those of another.

It seems plain. Here we have a corporation with a net income of $100,000. It distributes that profit. As soon as it has distributed such income, every dollar of it goes into the hands of stockholders, and there becomes subject to the proper surtax imposed. Here is another corporation doing the same kind of business and having the same amount of income, but it does not distribute its profits, with the result, of course, that these profits do not in turn become subject to surtax rates in the hands of the stockholders.

The only purpose of the Frear amendment, therefore, is to impose in the case of these undistributed profits a very moderate tax, to make up what? To make up the loss that the Government suffers because of the fact that these profits are not distributed by this corporation in the same way that they are distributed by most of the other corporations in the country, many of which, forsooth, are actual competitors with the corporation it is intended to reach.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. BURTNESS. I will yield to the gentleman later.

Now, in order that no disadvantage may be suffered by the people interested in that corporation, I have proposed an amendment here which you have all heard discussed, which will give to the stockholders of that corporation the absolute power instead of paying a tax on the undistributed profits to treat their pro rata or percentage share of the net income of the corporation in the same way as if it had been distributed. If that amendment had been accepted no one could say that such tax is imposed as a penalty, or anything of that sort.

I appreciate very much the reference that the gentleman from Texas [Mr. GARNER] made to the fact that I had submitted such a proposition to the Committee on Ways and Means, and that he felt that there was a good deal of merit and justification in it; but he made the usual mistake and referred to me as coming from South Dakota, instead of the better, the more beautiful, and possibly somewhat cooler sister of the north. [Laughter.] Now I yield to the gentleman from New York.

Mr. SNYDER. I was going to ask the gentleman if he thought it was a good policy to enact a law to punish 99 people in order to get after 1 who ought to be punished.

Mr. BURTNESS. It does just the opposite to that.

Mr. SNYDER. No. That is exactly what this attempts to do. I am not speaking of the gentleman's amendment, but of the undistributed corporate profits. It must be conceded by everybody that the average corporation has distributed at all times all that it is entitled to distribute.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. BURTNESS. Mr. Chairman, I ask for two minutes more to reply to the gentleman.

The CHAIRMAN. The gentleman from North Dakota asks unanimous consent to proceed for two minutes more. Is there objection?

Mr. GREEN of Iowa. Mr. Chairman, I would like to make a motion to close debate.

Mr. SNYDER. I would like to have five minutes myself.

Mr. STEVENSON. Will the gentleman yield to me?

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

Mr. GREEN of Iowa. Will 20 minutes be enough? I move, Mr. Chairman, that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. The gentleman from Iowa moves that all debate on this amendment and all amendments thereto close in 20 minutes. The question is on agreeing to that motion.

The motion was agreed to.

The CHAIRMAN. The gentleman from North Dakota is recognized for two minutes more.

Mr. STEVENSON. Now, Mr. Chairman, will the gentleman yield?

Mr. BURTNESS. I want to reply first to the gentleman from New York [Mr. SNYDER]. If I understand his proposition correctly, he takes the position that most of these corporations do substantially distribute their profits, and I think he is right; but the purpose of this is to get from the corporation which does not distribute its profits the same ultimate revenue that is obtained from the corporation that does distribute them—the surtax on the dividends. That is all there is to it, and the tax which is suggested is a very moderate one, from 5 to 10 per cent, and I do not think that in a case of such a moderate tax the option which I have suggested is necessarily required, although I think it would have been better and safer to have inserted such an option.

If revenue can be obtained in this way—and it can be—will it not be better for business in your community and in your State than to maintain in full the present 12½ per cent normal tax on corporations? The ridiculous situation now is that a corporation which earns only 2, 3, 4, or 5 per cent of net income must turn right around and pay one-eighth of that income to the Federal Government as well as pay a large number of other special taxes. And I think you will all agree with me that there is no tax which is so easily passed on to the consuming public as is the normal tax upon a corporation.

All of these corporations are engaged in legitimate public business—that is, generally providing the public with the means and necessities of life and the opportunity to exist and develop in a civilized country—and when taxes are applied to them directly, these taxes are immediately included as a part of the overhead expense and passed directly on to the consumer; but that is not true, as a general proposition, with the surtaxes. This amendment in reality only tends to get more of the surtaxes; that is, catch those dodging surtaxes in a slightly different way.

I agree fully that these corporations should have the opportunity to keep their surplus and to keep their profits for the purpose of further expansions, and everything of that sort, and I would be the last one to impose a penalty upon them which would make it impossible for them to do so. But this moderate tax will not do that at all; it will simply put each corporation on a fair and square footing with the other corporations of the country. [Applause.]

Mr. NEWTON of Minnesota and Mr. GARRETT of Tennessee rose.

The CHAIRMAN. The gentleman from Tennessee [Mr. GARRETT] is recognized for five minutes.

Mr. GARRETT of Tennessee. Mr. Chairman, I do not think this amendment should prevail. I have not the slightest idea what its effect will be from a revenue standpoint, and I take it there is no one here who can give us even a guess or who would care to hazard a guess as what it would amount to from a revenue standpoint. And yet that is, as I understand, what we are primarily seeking to do in this bill; that is to say, we are seeking to reduce taxation, but not beyond the point that will not produce the necessary revenue to run the Government.

I am unwilling to vote for a proposition when I have not even a guess as to what its effect, from a revenue standpoint, will be; and, furthermore, I have no idea what its effect will be from a business standpoint. I do not understand it is the thought of the great majority in this House, the numerical majority in this House, to undertake to levy taxes in order to reach some business whose practices may not altogether meet with our approval, and I think we ought to be extremely careful in making up this bill not to load it down with amendments and reach out into new fields of activity unless we can have some fair, intelligent, and reasonable statement as to what the effect will be from the revenue standpoint and from the business standpoint. I do not mean that I shrink from new taxes simply because they are new, but I shrink from walking in a new path when I have no idea where that path is going to end. For that reason it seems to me good judgment dictates to us that in making up this bill we should not load it down with amendments which we do not understand and about which we have at best only an imaginary idea. [Applause.]

Mr. WOODRUM and Mr. NEWTON of Minnesota rose.

The CHAIRMAN. The gentleman from Minnesota is recognized for five minutes.

Mr. NEWTON of Minnesota. Mr. Chairman, the gentleman from Wisconsin [Mr. FREAR] proposes an amendment to tax the earned surplus of corporations. The present corporation tax on net income is 12½ per cent. This we have reenacted. In addition, he proposes to levy a tax of from 5 to 10 per cent on the earned surplus of any corporation whenever that surplus exceeds a certain figure—$20,000.

Mr. Chairman, I have always understood that a business concern, whether incorporated or not, just like an individual, should set aside a portion of its earnings as a surplus as against possible future reverses or business setbacks. I have considered that evidence of good business judgment. Here is

a proposition to directly penalize it. Take a bank, for example—and this provision would apply to banks. We form our judgment largely as to the strength of a bank by its surplus and the percentage that surplus bears to capital originally invested. This surplus stands as a protection to the depositor.

Gentlemen, most of you are familiar in one way or another with at least one or more incorporated business concerns. The careful, prudent head of that concern has in many instances built up a substantial surplus as against a possible rainy day. You know of such concerns, and I know of them. In my own city and State I know of several such concerns who have accumulated such a surplus only to see it wiped out during the past two or three years. The surplus was the only thing that saved them from bankruptcy. But along comes the gentleman from Wisconsin [Mr. FREAR] with an amendment to penalize this by a substantial increase in the tax of that corporation.

Mr. Chairman, I want to reach the tax evaders, but in an effort to catch one of them I do not want to hamper and destroy the great majority of men in business who are doing business in an honest and practical way.

This bill in section 220 (a) confers real power in the commissioner to get at those who resort to schemes such as the gentleman has suggested to evade the payment of their taxes. There is no occasion to enact it on that ground. Its principal effect will be to prevent business concerns from accumulating a surplus for a possible rainy day.

Here is another evidence of the lack of consideration which this amendment received in its preparation. Here is one corporation capitalized at $100,000. Here is another capitalized at $1,000,000. A surplus of $20,000 would be a very small surplus for even the small corporation in business for several years. It would be infinitesimal for the $1,000,000 corporation. In one case it would amount to 20 per cent of the invested capital, while in the other it would amount to 2 per cent. Yet in the gentleman's amendment he would commence to tax all earned surplus above $20,000, regardless of the amount of capital invested. You will observe that his amendment is not based upon the percentage of surplus to the capital invested, but upon a fixed surplus regardless of invested capital. Can you imagine a more unscientific way to provide any such tax?

Mr. Chairman, this is merely another instance of the many efforts that are being made to make sane substantial tax reduction impossible. There are those here who are trying to load it down so that it can not become a law; otherwise, why offer such an amendment? This amendment has received practically no consideration by the experts in the Treasury Department. It has not received the consideration of our committee who have been studying the problem of tax reduction for months, and it certainly can not receive much consideration here, and it should be voted down.

Mr. Chairman, I yield back the balance of my time.

Mr. FREAR. Mr. Chairman, in response to the remarks of the distinguished leader of the minority I will say that when Mr. Houston made his estimate it ran about $550,000,000 at 20 per cent annually, as I now remember the estimate. A very conservative estimate, I take it, of $100,000,000 would come from this tax. The purpose would be to take the income so derived and relieve corporations from the 12½ per cent to enable the small corporations to do business and to relieve them from their burdens. There were $2,000,000,000 in stock dividends declared last year. Our Government is the only Government, so far as I know, that has had that experience. Men have left their money in the corporations, and the majority of the stockholders are enabled to do that to the exclusion of the small stockholders, and the income remains in the corporation and can not be reached as personal income. It will not pay the high surtaxes, so that its retention is subject to identically the same reasoning as stock dividends which we have tried to reach. That is the purpose of this amendment. It is as simple a proposition as we can get, and it is a very modest rate of tax that has been urged.

The complaint has been made that we did not have hearings on this subject. No; we did not have any hearings on this subject. It is so simple that we did not need them; but we did not have a hearing on normal taxes and we did not have any hearing on surtaxes; in fact, we did not have any hearings on the bill outside of the excise proposition, because it was drafted up in the Treasury Department, no one knows by whom, no one knows under what circumstances, and so I am giving an answer to the gentleman who said we had no hearings. I confess we did not have hearings, but we do know in a general way the effect upon corporations, and I think the tax has been put so mild that if it can be used for the purpose of relieving small corporations that now pay 12½ per cent and we can reduce that to 10 per cent or even 8 per cent it would be a great relief to them and would come from profits of those better able to pay.

I yield back the balance of my time, Mr. Chairman. [Cries of "Vote!"]

Mr. WOODRUM. Mr. Chairman and gentlemen of the committee, I am not disposed to detain you. I know you want to vote, and so do I. I have not said a word during this whole discussion on this tax bill for several reasons. One was that I felt I ought to be modest, being a new Member, and should be seen and not heard so much. Another was that I thought the men who had served on this committee and worked out this tax bill were the men who were familiar with it, and I enjoyed hearing their debate on it pro and con.

I voted for the Garner plan of tax reduction. It is true I was tied up in the caucus. I say that to you gentlemen. I was tied up in the caucus. I will be frank to say to you [indicating the Republican side] that I know of two or three men over here who would have preferred to vote for the Mellon plan if they had not been tied up in the caucus, but I say to you gentlemen [speaking to the Democrats] that I know of 25 or 30 men over there [Republicans] who would have been glad to have voted for the Garner plan and are mighty glad it passed.

Gentlemen, let me now leave this thought with you. There is one thing you can tie to. We can talk about propaganda, but the people of this country want a tax bill passed by this Congress that will reduce taxes. They want that. There has been a lot of propaganda and a lot of it has been inspired by interests that wanted to influence Congress. I know that, but on the other hand, with all of it, there is what amounts to a demand from the public that this Congress pass a bill that will reduce taxes. What have we done up to date? We have passed a bill, as far as we have gone with it, which to my mind gives a substantial reduction in the taxes of the people. It gives what I believe to be a good, wholesome reduction of taxes to people who most need that reduction. It distributes the benefit of the tax reduction to the people who most need that benefit, but I want to suggest this to you gentlemen.

You have already seen it intimated in the press. It has already been suggested to you that the taste of blood can drive us so far that we will load this bill down so that it will never become a law, and then the wrath of the people of this country is going to be visited upon the party that brought about that action. I want to submit that to my distinguished friend from Wisconsin and to my colleagues. It appears here that when we get ready to do it we vote in amendments when we want to put them in, but I want to suggest to you gentlemen to let us frame this bill so that when it goes to the White House there will be no earthly reason for the President to veto it. You can go ahead with your votes here and you can load this bill up from start to finish and from bottom to top with such measures that the President can say, "I would not veto this measure, but you have put such a radical provision in it that it can not be administered, and therefore I will have to veto it."

I do not believe the President would ever dare to veto this bill because of the Garner rates. I do not believe he would do that, but you can put provisions in here whereby he would feel justified in vetoing the bill, and I submit to you gentlemen that that is worth considering when we offer these amendments and when we pass these amendments. Let us be careful. Let me give you this thought: You can not cure all the ills of suffering humanity in this one revenue bill. Let us save some of them for a little later.

Mr. HOWARD of Nebraska. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. HOWARD of Nebraska. The gentleman has warned us against a presidential veto. Now, following his line of logic, I take it for granted that we should not vote for the soldiers' adjusted compensation bill because the President has said he would veto it. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. CHINDBLOM. Mr. Chairman, I was very glad to hear the remarks of the gentleman from Virginia [Mr. WOODRUM], who comes from a substantial business community and represents substantial business interests in that community. We have begun here to pass a law for the reduction of taxes. We have started out to relieve the people of some burdens. I know that in the heat of debate when we discussed rates, the Garner plan on the one side and the Mellon plan on the other, there was some ridicule about the idea that the purpose of this legislation was to benefit business and to improve the economic conditions of the country, but still I do not believe there is a man even among those who voted for the Garner plan who will

not concede that if there is anything that the Government does or can do which affects business it is the laying and collecting of taxes.

That is, in my opinion, the only department in which the Government should properly affect the business of the country. It is the only proper method by which the Government does affect business, and every collection of tax is in the nature of a burden. None of us would lay taxes merely for the pleasure of doing so. None of us would lay taxes for the purpose of punishing some one engaged in certain business practices while there are other means available for reaching abuses in the conduct of business by individuals and by corporations.

Mr. GREEN of Iowa. Will the gentleman yield for an observation in support of what the gentleman says?

Mr. CHINDBLOM. Certainly.

Mr. GREEN of Iowa. I have been in favor of taxing individual profits, but I can not subscribe to this. There is not a railroad in the country that could make an improvement if this amendment was adopted. There is not a large institution that could put on an addition to its business.

Mr. CHINDBLOM. If you want to stop the present progress of prosperity, this is the way to do it: Begin to attack this group or that; begin to attack business generally and you will soon see the prosperity of this country fleeing to the winds. [Applause.]

Mr. FREAR. I want to say that I got my inspiration for this measure from the gentleman from Iowa, chairman of the Ways and Means Committee, from what he has said in the past. [Laughter.] I feel that he was right then.

Mr. CHINDBLOM. The gentleman from Iowa may have changed his mind.

Mr. GREEN of Iowa. No; I have not changed my mind.

Mr. CHINDBLOM. I am not going to get into a discussion of the differences between the gentleman from Wisconsin and the gentleman from Iowa. The distinguished leader on the Democratic side said a few minutes ago that we had passed the controversial points on the method of reducing taxes, shall we now begin to increase taxes, shall we begin to undo all we have done or tried to do up to this point?

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from Wisconsin [Mr. FREAR].

The question was taken; and on a division (demanded by Mr. FREAR) there were 51 ayes and 170 noes.

So the amendment was rejected.

The Clerk read as follows:

CORPORATION RETURNS.

SEC. 239 (a). Every corporation subject to taxation under this title shall make a return, stating specifically the items of its gross income and the deductions and credits allowed by this title. The return shall be sworn to by the president, vice president, or other principal officer and by the treasurer or assistant treasurer. If any foreign corporation has no office or place of business in the United States but has an agent in the United States, the return shall be made by the agent. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns made by receivers, trustees, or assignees shall be collected in the same manner as if collected from the corporations of whose business or property they have custody and control.

Mr. MOORE of Virginia. Mr Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MOORE of Virginia.

Amend by adding a new section at the end of section 239 (a), as follows:

"SEC. 239 (b). Every person required by this act to make a tax return shall therein specifically state each item, and the amount thereof, of all gifts, advances, subscriptions, payments, contributions, and expenditures made, and to whom, in behalf of, or for the purpose of influencing, directly or indirectly, the nomination or defeat or the election or defeat of any candidate or candidates for the office of President, Vice President, Senator, or Representative, or presidential or vice presidential electors, or for use in, or in respect to, any convention, primary, or election in which there is nominated or elected a candidate for any of the aforesaid offices, and when the aggregate thereof made by such person during the year to which the return applies exceeds the sum of $5,000, the excess shall be subject to, and there shall be paid thereon, by such person a tax equal to 100 per cent of such excess, but when the aggregate does not exceed $1,000 no return thereof need be made. Any person willfully making a false return of such gifts, advances, subscriptions, contributions, and expenditures shall, upon conviction, be fined not less than $1,000, and in addition the individual, member, official, or employee of a partnership, corporation, trust, or estate willfully making such false return shall, upon conviction, be imprisoned not less than 30 days nor more than one year."

Mr. GREEN of Iowa. Mr. Chairman, I make the point of order that the last part of this amendment does not pertain to returns at all, but contains a provision for a tax which is not in order. It is not an income tax at all, or a tax that is recognized anywhere in the bill.

Mr. CURRY. Mr. Chairman, I make the point of order against the whole amendment as not being germane to the bill.

The CHAIRMAN. Did the Chair understand the gentleman from Iowa to make the point of order?

Mr. GREEN of Iowa. I make the point of order against the whole amendment because it contains this latter provision.

The CHAIRMAN. The Chair will hear the gentleman from Virginia.

Mr. MOORE of Virginia. Mr. Chairman, whether the amendment be considered as falling under the income-tax provisions or the excise-tax provisions, it has to do with the general subject of the bill and comes within the ruling which the committee itself made a while ago. All through the bill are provisions with reference to the data to be furnished in returns. The amendment has reference to certain data designed to be furnished in the return of every person, and "person" is defined in the bill as an individual, an estate, a trust, a partnership, or a corporation. It embodies a new requirement, namely, that every person making a return shall include in it a showing of the amount which he has contributed or expended, in the manner defined, within the tax year for political purposes, with respect to the nomination or election of the officials mentioned, penalizes a false return, and taxes the excess over a stated amount. That is a mere outline of the scope of the amendment.

The CHAIRMAN. Will the gentleman from Virginia kindly call the attention of the Chair to those provisions of the bill imposing punishment?

Mr. MOORE of Virginia. If the bill itself does not contain specific punative provisions, such provisions are contained in the existing law, which the bill modifies.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Virginia. Yes.

Mr. CHINDBLOM. In my remarks of Monday of this week I inserted a table of penalties and interest charges under various conditions arising in the bill. I think all of those matters are mentioned in that list.

Mr. MOORE of Virginia. The gentleman says there are penalties carried in the bill, and if they were not carried in this bill they are carried in existing law, and thus that point need not be considered. The question of whether the amendment is in order seems to me free from any reasonable doubt. As to the merits of the proposition I may only say now that it is not a partisan proposition, but a proposition in the interest of the entire country and all the people, and that is a matter I shall further discuss if the point of order is not sustained.

Mr. SANDERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Virginia. Yes.

Mr. SANDERS of Indiana. The proposition which it is proposed to amend deals with the returns of corporations only.

Mr. MOORE of Virginia. No; it deals with the returns of any person, and the bill defines "person" in the manner I have already stated.

Mr. GREEN of Iowa. Oh, the gentleman is in error. This refers simply to the returns of corporations.

Mr. MOORE of Virginia. The gentleman is mistaken. The amendment is an independent section, and while it comes at the foot of provisions of the bill, dealing with corporations, the independent section relates to returns made by all others as well as by corporations.

Mr. GREEN of Iowa. Does the gentleman mean the section in the bill or the provision in his own amendment? Of course the amendment refers to returns made by persons?

Mr. MOORE of Virginia. Precisely.

Mr. GREEN of Iowa. But the provision which he seeks to amend——

Mr. MOORE of Virginia. I do not seek to amend any particular provision. I seek to add an independent section applicable to all returns. I could have done that when we were considering the returns of individuals, and it is just as proper to do it now.

Mr. GREEN of Iowa. I submit to my distinguished friend that it must be an amendment to something.

Mr. MOORE of Virginia. It is an independent section that seeks to amend the bill exactly as did the amendment offered by the gentleman from Wisconsin [Mr. FREAR].

Mr. GREEN of Iowa. But we are now on the income tax of corporations. The gentleman's amendment is on the outgo instead of the income.

Mr. MOORE of Virginia. The gentleman's objections, in my judgment, are untenable since the action awhile ago on the appeal from the decision of the Chair. I submit that if this independent section is not proper to be offered at this point it can not be offered at all.

I have taken the course which I think is the correct course, of waiting until the entire matter of returns had been covered in the consideration of the bill and then offering a new section which affects returns of every character, whether made by natural persons, corporations, partnerships, estates, or trusts.

Mr. SANDERS of Indiana. Mr. Chairman, the question presented by the gentleman from Virginia [Mr. MOORE] would, of course, not involve any difficulty if it were not for the action taken by the committee a little while ago in overruling the decision of the Chair. Everyone in the House would say immediately that it is not germane. There is a tendency on the part of some gentlemen since the committee took the view it took awhile ago on the ruling of the Chair to pass over these things lightly and say, "If the committee wants to put the House in a hole about it, so that they can offer any sort of an amendment, let the committee go ahead and do it."

I do not agree with that viewpoint. I regard the opinion of the Chair, which was overruled by the committee, as the ablest opinion ever delivered by anyone occupying the Chair, whether in committee or in the House, during the seven years in which I have served in the House. [Applause.]

Of course, Mr. Chairman, I realize that the committee, on appeal, has the right to determine these questions, and that we are bound when a proposal similar to that proposition comes up under that precedent, and that the Chair would feel bound, because of the action of the committee, so to rule. But the proposition of the gentleman from Virginia departs even from the proposition which the committee voted upon, because it goes far afield and deals with a subject which, under the guise of taxation, is on an entirely foreign topic.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Indiana. Certainly.

Mr. MOORE of Virginia. In 1918, when the revenue bill was under consideration, a proposition of this character was inserted in the bill in the Senate, a proposition even more drastic than this proposition, with a view of breaking up corruption in connection with political elections, and that proposition was stricken out in conference when the bill went into conference. The bill had been considered not only by Congress heretofore but had been very carefully studied by a good many individuals who were extremely anxious to break up that abuse.

Mr. SANDERS of Indiana. I am not arguing the merits or undertaking to debate the merits. The gentleman himself said the proposition was put in by the Senate. Certainly; but the Senate has no rule with reference to germaneness in amendments. If the gentleman would study the rules of the Senate, he will find that they have no rule with reference to the germaneness of amendments. And that is the reason that some legislation comes back to the floor of the House from the Senate which would not have been in order in the House.

But, gentlemen, it is important, since we have voted in Committee of the Whole on the merits of the question, it seems to me, rather than under the rules of the House—it is very important now to see to it that we do not depart from that important provision in the rule, namely, that this House can not have presented to it a question not presented in the bill and be compelled to vote on the spur of the moment on a proposition that has not been studied or considered. The rule as to germaneness, as cited by the Chair in the able opinion which he rendered, is to prevent some gentleman from suddenly bringing before the House a proposition concerning which the House has had no notice. When we have before us an important proposition like prohibition, or woman suffrage, or taxation, or the question of whether or not we shall pass legislation dealing with contributions to political campaigns, it has been our custom to notify the Members ahead of time; and the gentleman from Virginia [Mr. MOORE] stood up on the floor of the House and induced the House to change the rule, so that the Committee on Rules could not one day bring in a proposition and consider it, because he said the House was entitled to notice, and the gentleman did not desire to have anything sprung on us without warning.

Mr. MOORE of Virginia. Mr. Chairman——

Mr. SANDERS of Indiana. I do not yield to the gentleman; I do not want to be discourteous to him.

Now, let us see what he proposes to do, and let us find out whether this House and this committee is going to open the doors and lay down the bars to such a doctrine as he advocates, when he says this amendment is in order. Here is his amendment:

> Every person required by this act to make a tax return shall therein specifically state each item and the amount thereof, of all gifts, advances, subscriptions, payments, contributions, and expenditures made, and to whom, in behalf of, or for the purpose of influencing, directly or indirectly, the nomination or defeat or the election or defeat of, any candidate or candidates for the office of President, Vice President, Senator, or Representatives, or presidential or vice presidential electors, or for use in, or in respect to, any convention, primary, or election in which there is nominated or elected a candidate for any of the aforesaid offices, and when the aggregate thereof made by such person during the year to which the return applies exceeds the sum of $5,000, the excess shall be subject to, and there shall be paid thereon, by such person a tax equal to 100 per cent of such excess, but when the aggregate does not exceed $1,000, no return thereof need be made.

Nobody pretends that that is a tax measure. The gentleman ought to know that that is not a tax measure. The Supreme Court of the United States has held time and time again that undertaking to legislate on another proposition under the guise of taxation is not taxation, and the Supreme Court would again hold that it is not taxation. They held that in the case of the child labor act, which undertook to use the taxing power to prevent the employment of child labor. The gentleman from Virginia brings into this House, in connection with a section relating to the returns of corporations, a proposition which embraces this language—an amendment not only providing that they shall be taxed 100 per cent on the amount they give, but providing a penalty. His amendment provides:

> Any person willfully making a false return of such gifts, advances, subscriptions, contributions, and expenditures shall, upon conviction, be fined not less than $1,000, and in addition the individual, member, official or employee of a partnership, corporation, trust, or estate willfully making such false return shall, upon conviction, be imprisoned not less than 30 days nor more than one year.

Just think of the proposition, gentlemen! Shall we hold, in a section dealing with the returns of corporations, that a gentleman may offer an amendment which undertakes to deal with the contributions of men to bring about elections, and then provide a penalty and write a criminal law—a corrupt practice act? Shall we hold now that that may be done? I submit, Mr. Chairman, that notwithstanding the action of the committee with reference to the other amendment, this proposition of the gentleman from Virginia is indefensible from every standpoint. [Applause.]

Mr. BLANTON. Mr. Chairman, I ask for recognition on the point of order.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. BLANTON. Mr. Chairman, the gentleman from Indiana claims that the committee is not put on notice of such an amendment as is now proposed. What is this bill but a general revenue bill? It is not confined to income taxes; almost every kind of a tax imaginable is proposed in this bill.

I take it the Chair is not going to consider the question of the constitutionality of the amendment. That is a matter for the courts. The Chair considers just one question—that of its germaneness to this bill. This being a general revenue bill, and we having passed the clauses in the bill which provide for a return of personal income taxes and we having just passed the clauses which provide for a return of corporation taxes, why is not such an amendment as this, regardless of whether it is a salutary one or not, germane and in order?

The gentleman from Virginia proposes that a man who contributes to campaigns from $1,000 on up shall make a return, and when he contributes more than $5,000 that he is to be taxed, and that there shall be placed in the Treasury of the people a revenue from a contribution over $5,000. It does not make any difference, so far as the decision on this point of order is concerned, whether the tax proposed is confiscatory or not. That is a matter for the court, the question here being one of germaneness.

Mr. DENISON. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. DENISON. I would like to inquire whether the question which has been presented by the gentleman from Virginia was brought up in the Democratic caucus and whether there was anything in their resolution which was binding on the Members as to this proposition.

Mr. BLANTON. Our proceedings, as I have said, were not secret, for we allowed an outsider to sit with us. There was no such proposition brought up that I remember. It may have been discussed, but there was no action on this proposal taken by the members of the caucus. I am not disclosing any secret when I say that; but if such a proposition had been brought up, the Democrats would have had the right to bind themselves if they saw fit to do so.

But this is not a question as to the merits of the proposition. If the merits of the proposition were under consideration I would be in favor of cutting the amount of $1,000 down to $100. The man who contributes to campaigns should be willing to have his contribution known, because it is a matter of public interest. We Members of the House must file the names of our contributors to our campaigns with the Clerk, and anybody can go there and get the names of our contributors. It is a matter of public interest, and the public has a right to know about the contributions which are made to campaigns and has a right to have such contributions reported.

Mr. LONGWORTH. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. LONGWORTH. Is the gentleman really so serious in his contention as to the germaneness of this amendment that if in the event the Chair sustains the point of order the gentleman will appeal from the decision of the Chair?

Mr. BLANTON. No; I will not. But that does not change my opinion as to its germaneness.

Mr. LONGWORTH. Why not?

Mr. BLANTON. Because there has been one appeal already this afternoon.

Mr. LONGWORTH. Then the gentleman is really not serious?

Mr. BLANTON. Oh, yes; but lots of times I bow to the will of the Chair when I think the Chair is wrong.

Mr. LONGWORTH. And in this case the gentleman will bow to the will of the Chair?

Mr. BLANTON. It is not my amendment. If I had proposed it, I would appeal. But that does not affect the germaneness of the proposition. I submit, Mr. Chairman, that under the ruling of this committee on germaneness this proposition is germane. In conclusion, let me say we are proposing generally to raise revenue at this time, and it affects both the individual and the corporation and provides for the kind of a return that is to be made, and I submit this proposition is germane under the ruling of the committee and ought to be held in order. [Cries of "Rule!" "Rule!"]

Mr. TILSON. Mr. Chairman, just a word in regard to the decision rendered by the committee a little while ago, and in regard to what effect it should have on the ruling of the Chair on some other proposition. If it were exactly the same point raised over again on another amendment of the same import—if we could conceive of such a thing as the point being exactly like it in character—then the Chair might feel it to be necessary and proper to bow to the superior wisdom of the committee.

It seems to me, however, that it would be wrong practice simply because the committee has overruled the decision of the Chair in one matter, where undoubtedly the merits of the question entered into it, as they always do on the floor of the House, to feel himself bound to follow the same ruling. If I were in the chair, I should feel that it was my duty as each individual case arises to pass upon it as a separate proposition and on its own individual merits. Unless it were on all fours with the other case, I should consider it my duty to consider it solely on its own merits, and overrule it, if I thought it should be overruled.

Mr. LONGWORTH. In other words, the gentleman does not think that the gentleman's opinion as to the merit or demerit of the question should influence the Chair?

Mr. TILSON. It should not do so, but it does inevitably influence the membership of the House in their decisions on points of order.

Mr. LONGWORTH. Is not that exactly what occurred not long ago?

Mr. TILSON. Yes. The Chair sits there as an impartial judge of parliamentary procedure, and it is his duty to pass upon questions of order in a spirit of judicial fairness, entirely apart from the merits, while, on the other hand, there is not the same feeling of responsibility on the part of Members on the floor, who naturally and almost invariably find themselves influenced by the effect the ruling will have upon the final outcome of the matter in controversy.

Mr. MOORE of Virginia. Mr. Chairman, the other day——

Mr. GARNER of Texas. Will the gentleman yield? Let me suggest to the gentleman from Iowa [Mr. GREEN] that the matter of the ruling of the Chair can be had to-morrow as well as this afternoon.

Mr. GREEN of Iowa. The gentleman from Virginia, I suppose, wants some time. How much time does the gentleman from Virginia desire?

Mr. MOORE of Virginia. Five minutes will suffice.

Mr. GREEN of Iowa. I think no one wants to argue the matter except the gentleman from Virginia. Suppose we let him conclude, and then we will rise.

Mr. MOORE of Virginia. The committee has made a ruling which controls the consideration of this point of order, and yet gentlemen propose that the Chair shall disregard the vote of the committee.

That is what the gentleman from Connecticut [Mr. TILSON] and other gentlemen propose, and the gentleman from Ohio [Mr. LONGWORTH] makes a very insidious suggestion that if the Chair sustained the point of order there will be no appeal.

Mr. GREEN of Iowa. Will my friend permit a suggestion there?

Mr. MOORE of Virginia. Yes.

Mr. GREEN of Iowa. I think really the situation is quite different from the situation when the gentleman from Wisconsin [Mr. FREAR] offered his amendment. That was with reference to an income tax, and we were considering income tax.

Mr. MOORE of Virginia. This amendment relates to taxation. A moment ago the gentleman from Indiana [Mr. SANDERS] made the same suggestion, based upon the fact that the amendment provides a 100 per cent tax on contributions over $5,000. But the gentleman knows how far the Supreme Court has held Congress can go in exercising the power of taxation.

Mr. GARNER of Texas. Will the gentleman yield?

Mr. MOORE of Virginia. He remembers, of course, such cases as that in which legislation was upheld that taxed out of existence the authority of State banks to issue currency.

Mr. GARNER of Texas. Will the gentleman yield for a suggestion?

Mr. MOORE of Virginia. Yes.

Mr. GARNER of Texas. I want to suggest to the gentleman from Virginia that there is a 100 per cent rate in the present law, and it produces revenue.

Mr. MOORE of Virginia. That is true. The gentleman from Indiana spoke of my effort to have notice given in advance of the business coming before the House. I am sorry to say that effort has proved up to this time unsuccessful.

The proposition covered by this amendment is not novel. Congress considered it in the midst of the war or just as the war had closed. Many thoughtful men have considered it.

Many patriotic men desire this sort of legislation. Several hours ago the chairman of the Ways and Means Committee knew I intended to submit it. I am in the open about it. There has been no effort at secrecy and no reason for such an effort. If we can not consider it fully and deliberately here this afternoon, because the time has arrived when the House is expected to adjourn, let us take it up to-morrow and dispose of it, not in a hasty way, but as a serious proposition that demands the consideration of this committee and ought to have it.

The CHAIRMAN. Again the Chair finds himself groping in uncertainty because of the ruling of the committee. However, the Chair will have to do the best he can under the circumstances. This whole title deals with corporation taxes. Section 239 deals with corporation returns. At the close of that section the gentleman from Virginia offers his amendment as a separate section. That amendment is as follows:

Every person required by this act to make a tax return shall therein specifically state each item, and the amount thereof, of all gifts, advances, subscriptions, payments, contributions, and expenditures made, and to whom, in behalf of, or for the purpose of influencing, directly or indirectly, the nomination or defeat or the election or defeat of, any candidate or candidates for the office of President, Vice President, Senator, or Representative, or presidential or vice presidential elector, or for use in, or in respect to, any convention, primary, or election in which there is nominated or elected a candidate for any of the aforesaid offices, and when the aggregate thereof made by such person during the year to which the return applies exceeds the sum of $5,000, the excess shall be subject to, and there shall be paid thereon by such person, a tax equal to 100 per cent of such excess; but when the aggregate does not exceed $1,000 no return thereof need be made. Any person willfully making a false return of such gifts, advances, subscriptions, contributions, and expenditures shall, upon conviction, be fined not less than $1,000, and in addition the individual, member, official, or employee of a partnership, corporation, trust, or estate willfully making such false return shall, upon conviction, be imprisoned not less than 30 days nor more than 1 year.

The decision of the committee a while ago was this, as the Chair understands it: That wherever there is presented in this bill, or in any general revenue bill dealing with internal revenue, a distinct tax proposition, a proposition to impose some additional kind of tax in the way of internal revenue, that such a proposition would be in order.

What is the purpose of this amendment? And in passing upon the germaneness of any amendment to any bill one necessarily must take into account what the purpose of the amendment is. What is the purpose of this amendment? Is it a tax purpose or is it something else? It seems to the Chair that the manifest purpose of this amendment is to incorporate into a revenue act a corrupt practices act and to impose penalties upon a candidate for office who spends more than $5,000, and to make him by the means of his return for income tax comply with that law. Therefore the object of the amendment, manifestly, is to enact a corrupt practices act under the guise of a tax provision It is true it imposes a tax. But the imposition of such tax is merely incidental to the general purpose, namely, to limit and control campaign expenses.

The Chair is of opinion the amendment is not germane, and sustains the point of order.

Mr. MOORE of Virginia. Mr. Chairman, I respectfully appeal from the decision of the Chair.

The CHAIRMAN. The gentleman from Virginia appeals from the decision of the Chair. The question is, Shall the decision of the Chair stand as the judgment of the committee?

Mr. LONGWORTH. Mr. Chairman, I ask for tellers.

Tellers were ordered; and the Chair appointed Mr. LONGWORTH and Mr. GARRETT of Tennessee as tellers.

The committee divided; and the tellers reported that there were 110 ayes and 75 noes.

So the decision of the Chair was sustained as the judgment of the committee.

Mr. GREEN of Iowa. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GRAHAM of Illinois, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 6715, the revenue bill, and had come to no resolution thereon.

FRANKING PRIVILEGE FOR MRS. EDITH BOLLING WILSON.

Mr. GRIEST. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2583) granting the franking privilege to Mrs. Edith Bolling Wilson and proceed to a consideration of the same, and I ask unanimous consent to make a short statement.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, we have plenty of time to take that up at some other time and I object for the present.

THE WHEAT PROBLEM.

Mr. LITTLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD concerning the wheat problem and include in it an article in the Review of Reviews by Mr. LITTLE, of Kansas.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. LITTLE. Mr. Speaker, on December 5, 1923, House bill No. 78 was introduced and referred to the Committee on Agriculture. This is a bill to authorize the Secretary of Agriculture to purchase, store, and sell wheat, and to secure and maintain to the producer a reasonable price for wheat and to the consumer a reasonable price for bread, and to stabilize wheat values.

With certain amendments, this is the bill which I introduced in the Sixty-seventh Congress a year ago in December. If this bill as introduced had been passed by the Sixty-seventh Congress the American farmers would have received an average of from 20 cents to 25 cents a bushel more than they got for their 781,000,000 bushels of wheat. This would have given them $156,000,000 and would have wonderfully assisted all the business in this country.

The plan of this bill was simply to authorize, not require, the Secretary of Agriculture to send his agents to the elevators where the farmers sell their wheat and pay from $1 to $1.10 for the wheat. The idea was that whenever the department undertook to do this the farmer would decline to accept less than the amount the Government tendered; that thereupon the millers and wheat buyers would inevitably meet the Government competition and pay the amount the Government was tendering.

Heretofore every year all the wheat the farmers raised has been sold. The Secretary of Agriculture; Hon SYDNEY ANDERSON, chairman of the National Wheat Conference; and one of the editors of the Wall Street Journal, and others have said that all the wheat raised is sold and always will be, which is true. The bill would simply restore the self-respect of a bushel of wheat and stimulate the market for wheat. The buyers would take it all in and the Government would not be compelled to buy any wheat, or practically none, as the Hon. MARTIN MADDEN has said. The bill had the support before the committee of Colonel TILSON, of Connecticut, and the encouragement of many able thinkers, including Doctor Atkeson, legislative representative of the National Grange, who said:

DOCTOR ATKESON'S TESTIMONY BEFORE COMMITTEE ON AGRICULTURE, JANUARY 9, 1923.

On page 125, Doctor Atkeson, legislative representative of the National Grange in Washington, said:

"I have read all these bills, so far as I know, that have been introduced in both Houses of Congress. I have read Mr. LITTLE'S bill both ways, and I am thoroughly convinced if we are going to try this experiment that it is the most defensible, and less objectionable than any other bill.

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"Mr. ATKESON. But if you fix the price of wheat—say you fix the price of wheat at $1.50. Mr. LITTLE'S bill undertakes to stabilize it at $1—I say it is the most defensible and least objectionable of any of the measures, to my mind.

"Mr. KINCHELOE. Doctor, if I understand your position, which is personal, you are against all this legislation; but if the committee and Congress are determined to enact some of it, we should choose the one with the least evil in it, to wit, the Little bill.

"Mr. ATKESON. Yes; as an experiment.

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"Mr. ATKESON. * * * That is one objection to Mr. LITTLE'S bill, which tends to stabilize wheat at $1 a bushel.

"The CHAIRMAN. Doctor, is not the object of this bill to stabilize the price of wheat at $1 a bushel? I am referring to Colonel LITTLE'S bill.

"Mr. ATKESON. As I have said two or three times, as an experiment I prefer that to any and all the other measures.

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"Mr. ATKESON. Undoubtedly it is not high enough to pay the present price of production.

"Mr. SINCLAIR. Then why should you be in favor of that?

"Mr. ATKESON. As an experiment, to see how it will work; to see what the effect will be. As I interpret the Little bill—I think it is a fair interpretation—to take care of the surplus and stabilize the price of wheat to at least $1 a bushel. The Secretary, at his option, might continue to buy it up to $1.10. That means a price of $1.10. If the Secretary did what he would do under the circumstances—that is, if he buys all the wheat that is offered up to $1.10—anybody else that wanted to get it would have to pay $1.11 or $1.12, or something more.

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"Mr. ATKESON. No human being knows certainly what the effect would be or how well satisfied the consumers of farm products or the producers would be after an experiment of a year or two; the Little bill is the most defensible, and less objectionable than any of the others."

At the conclusion of his evidence, page 133, Doctor Atkeson says:

"I have only attempted to call attention to one solution. If price fixing is the way out, why let's experiment with it. We can quit if it doesn't pay. I want to repeat that of all the bills I have read I am partial to Mr. LITTLE'S bill."

The committee adjourned.

The bill was reported favorably by the committee. The committee, however, failed to grasp the exact purpose of the bill and amended it by ordering the Secretary to buy and leaving him no discretion. The bill was amended by increasing the amounts to be offered from $1 and $1.10 to $1.40 and $1.50. Of course, it at once became wholly impossible to pass the bill.

Wheat never brought the farmer at his home the amount of $1 or $1.10, which my bill suggested. If the committee had let the bill alone and it had passed, I repeat that the farmers would be over $150,000,000 to the good. I have reintroduced the bill with certain amendments which, in my judgment, greatly increase its value and force.

The legislation recently tendered on the wheat question is all based on the claim that there is a surplus of wheat, supported by the contention that cheap lands and cheap wheat in other parts of the world make it impossible for us to compete at Liverpool and the further contention that there is no market in Europe for wheat. Each of those statements is without any foundation whatever. In the December number of the Review

of Reviews I published the following article with regard to the allegation that there is a surplus of wheat:

[From the Review of Reviews, December, 1923, page 645.]

THE WHEAT SURPLUS MYTH.

(By Hon. E. C. LITTLE.)

Recently a very distinguished gentleman said that he was not much interested in the wheat-surplus question; that what he wanted was a remedy. There is no wheat surplus, and the only remedy necessary is to make all the people know that fact. Then the law of supply and demand will go into effect and the farmer will get a reasonable price.

Farmers raise wheat to sell. Whenever they sell all they have there can be no surplus. Whether they sell it to Cleveland or Constantinople is of no importance whatever. In 1922 the farmers raised 862,000,000 bushels and sold every bushel except 35,000,000 reserved because they so desired. In 1923 the farmers raised only 781,000,000 bushels, and that they will sell every bushel of it is obvious. There has never been the slightest pretext of this hullabaloo about a surplus. This surplus bubble is as cruel a fake as was ever perpetrated on our farming people, and when the facts are presented and understood the only pretext for buying wheat at less than cost will have disappeared.

The wheat speculators raised a hue and cry that there was a tremendous oversupply. Unfortunately some farm leaders believed this story and asked that the Government buy the surplus which did not exist. Wheat that should have brought at least $1.25 was sold for from 70 cents to 95 cents for months, and the farmers have already lost $50,000,000 at least.

If during a single week the newspapers would simply publish the facts, by December 1 wheat would be selling everywhere for at least $1.25, and all good milling wheat would soon bring $1.50. That is the remedy, and if it is tried we shall need no other before the next crop.

ONLY 781,000,000 BUSHELS THIS YEAR.

The figures I am presenting are all from the Department of Agriculture, except as otherwise indicated. On November 3 Secretary Wallace said that we had sowed 80,000,000 bushels and would feed to the stock 39,000,000 bushels. The department announced that we had exported 70,000,000 bushels by October 1. Subtracting this 189,000,000 bushels from 781,000,000 bushels, the total crop, we have 593,000,000 bushels remaining to eat from crop to crop this year.

The Department of Agriculture has been good enough to furnish me with the figures for production and consumption during the last 22 years. They state that the average per capita consumption of wheat during that period has been 5.39+ bushels. If each of our 110,000,000 people eat this year as much as they have been eating regularly for 22 years, they will consume 593,000,000 bushels of wheat, which is just exactly what they have to eat.

Year before last they ate 5.8 bushels each. For 8 of the 22 years they have averaged that much or more, and in 4 of those years they ate 6 bushels. If they eat 6 bushels this year, they will consume 660,000,000 bushels, and be compelled to import 67,000,000 bushels. If they eat 5.8, they will consume 638,000,000 bushels. Only two times in 22 years have they eaten as little as 4.5 bushels per capita. This year wages are high and wheat is cheap. Secretary Wallace estimates that we shall eat this year 537,000,000 bushels, about 4.88 bushels per capita. If that is correct, we shall have left over for export the difference between that and 593,000,000 bushels, which is 56,000,000 bushels. If exports continue as since harvest, that will all be shipped abroad by Christmas. There is slight chance for any surplus to be left on the farmers' hands in the United States.

THE WORLD-CROP FAKE.

The Wall Street Journal says that the world crop this year is 3,343,000,000, and the department states that the world crop is 3,409,000,000 bushels. The figures furnished me by the department show that in the normal years before the war, including 1910, 1911, 1912, 1913, 1914, and 1915, the average world crop per annum was 3,855,000,000 bushels. In other words the average normal world's crop in ordinary times is about 500,000,000 bushels greater than the crop this year.

The Wall Street Journal said that their estimate was "exclusive of Russia," but that requires explanation. It included the supply from the old Russian Provinces of Poland, Lithuania, Latvia, Esthonia, Finland, and Bessarabia. As for the remainder of Russia, last year we shipped them wheat so they would not starve, and the department informs me that their crop this year is no larger than it was last year when we fed them. The claim that the world crop contains a great oversupply is the most vicious and miserable fake since the Mississippi bubble exploded, and it was perpetrated undoubtedly to force the farmer to sell his wheat for less than cost.

NOT ENOUGH WHEAT FOR OUR HOME USE.

Hon. E. L. French, of the Department of Agriculture of the State of Washington, has said: "The simple and honest truth of the case is that, outside of the Pacific Coast States, the United States has not produced this year enough wheat for domestic consumption. There is not in the United States to-day enough milling wheat to supply the needs of the mills or furnish the flour needed for home use."

On November 6 Congressman ANDERSON, chairman of the Joint Commission of Agricultural Inquiry and presiding officer of the National Wheat Conference in Chicago in June, said: "Our own surplus, in my judgment, is very small. I do not think we have any surplus of good milling wheat." As Congressman ANDERSON thinks that we should cut the American acreage 10 per cent in order to restore American wheat prices, this admission is all the more valuable. Milling wheat is the only wheat that is fit to eat. Wheat that is fit to eat is the only wheat that we can sow; and if Congressman ANDERSON and Mr. French are right, as is now practically conceded by everybody, we have not in this country enough wheat for food and seed at this moment.

THE EUROPEAN FABLE.

Our farmers have been constantly menaced with the threat that Europe won't buy. According to the department's figures we exported in the year beginning July 1, 1918, 287,000,000 bushels; beginning July 1, 1919, 220,000,000 bushels; beginning July 1, 1920, 366,000,000 bushels; and beginning July 1, 1921, 279,000,000 bushels, making 1,152,000,000 bushels in four years after the war. Information from the department indicates that in the fifth year we exported about 198,000,000 bushels, making a total in five years of 1,350,000,000 bushels of wheat that American farmers sold to Europe. For this they must have received at their farms about $1,150,000,000, which they would never have received if after the war we had adopted the proposal to cut down American acreage until we had no wheat to export.

Has there ever been such a Munchausen tale as this talk about the European market having disappeared? According to Prof. Alonzo Taylor, of Stanford, the principal speaker at the National Wheat Conference in Chicago in June, in the five years before the war Europe, outside of Russia, produced an average of, roughly speaking, 1,300,000,000 bushels each year. While the data is a bit confusing, I challenge denial of the statement that Europe, including Russia, has never since the war produced that much wheat in any year; and, of course, they will, as Secretary Wallace said in July, continue to purchase for some time.

FAIRY TALES FROM SOUTHERN LANDS.

Probably the most absurd of all the fakes is this talk about Argentina and Australia. They will not thresh a bushel of wheat below the Equator for some weeks yet to come, and the reader knows just as much about how much wheat will be produced in Argentina and Australia as anybody in the United States.

Congressman ANDERSON, who presided at the Chicago Wheat Conference, officials of the Department of Agriculture, and many who had believed there was a great surplus now concede that there is no surplus. They argue that while there is ample market for all the wheat in the world the farmers can't sell it high enough to make a profit and must quit planting it.

If there is a market ample to consume all wheat, which would include people who would want to eat it all, the question of price is simply a question as to whether the buyer or the seller is the more clever. If the Department of Agriculture will take half as good care of the wheat grower as the Liverpool and Chicago Boards of Trade take of the wheat buyers, the price will rise and farmers will get enough for their wheat so they can sell it and make a profit. "It is naught, saith the buyer; but he goeth his way and he boasteth." If the bill to stabilize the price of wheat which I introduced in the last Congress had passed, the Department of Agriculture would have been able to protect the interests of those who raise the wheat for the world's flour.

If there really were 200,000,000 bushels of wheat more than we can use, wheat would be bringing 50 cents a bushel instead of $1.07, as it does in eastern Kansas now. No wheat buyer would pay $1 for wheat if he really believed that there will be 200,000,000 bushels on hand next June when harvest begins. If there were 400,000,000 bushels oversupply in the world, we wouldn't have shipped 70,000,000 bushels abroad since harvest.

THE CANADIAN OGRE.

Secretary Wallace says that the United States crop of wheat is 81,000,000 bushels less than it was last year. The Canadians claim their crop is 67,000,000 bushels greater than last year. Thus, North America has produced 14,000,000 bushels less wheat than in 1922. There is nothing to be scared about, anyway; but let us be reasonable.

Ex-Gov. John W. Leedy, of Kansas, has for a long time been a resident of the Province of Alberta, Canada. Governor Leedy is as good a judge of crops and crop statistics as any man in North America. On October 31, at Alberta, Canada, he wrote:

"The estimate of the Canada wheat crop is 467,000,000, and we have the goods. But only about one-half of it is threshed and most of the unthreshed portion is in the shock, and if snow comes, which sometimes happens at this time of year, it would be a serious loss. The straw is heavy and the shortage of help is such that farmers

have to help each other thresh, and this prevents stacking. But if snow does not fall for a month, they will be in fair shape."

If it does not snow in Alberta by December 1, the Canadians will be able to supply the deficit here if we eat as much per capita this year as we have in former years. As it has already snowed in Maryland, gentlemen of sporting proclivities who like to gamble on the wheat market might place their bets as to whether it will snow in Winnipeg before Christmas.

Forty-odd years ago my father managed to put in 240 acres of winter wheat. That summer I slept on the prairie and broke prairie for that sowing. As the wheat came up that fall the grasshoppers hatched out and ate every spear of it. We never had a dollar from those fields. All these predictions of wheat crops are subject to the grasshoppers in Kansas or the snow in Saskatchewan. The wheat crop is a gamble, and the gamblers' "advance information" has been for centuries the device by which all over the world they secured the farmers' wheat almost without money and without price.

We must realize that this imaginary surplus is the farmers' greatest difficulty. Let us tell the truth, print the facts, wreck this cruel propaganda, and secure for the American farmer at least a cost price for his wheat.

FOREIGN COMPETITION LARGELY AN ILLUSION.

The pretext that we have no European market is absolutely inexcusable and indefensible, as thoroughly and absolutely demonstrated by the article in the Review of Reviews published above. People should not advance such untruthful statements.

Since July 1, when last year's crop appeared on the market, the figures of the department show that by January 31 in flour and by February 16 in wheat we had exported a total of 112,000,000 bushels. If the same rate continues for the balance of this crop year, our total export will be over 195,000,000 bushels of wheat. A man who undertakes to tell us that we have no European market must certainly be deliberately untruthful. The only purpose that could be served by legislation in accord with that claim would be that they would buy the speculators' wheat at an advanced price under the pretense of European needs.

There is another universally admitted incorrect assertion, that we can not meet foreign competition. In order to substantiate the incorrectness of that assumption and the lack of any serious danger, I call attention to figures furnished by the Department of Agriculture and the International Institute of Agriculture at Rome. These give the values of wheat at the different foreign ports on certain dates and the cost of transportation as compared with that here in America.

AUGUST, 1922.

Seaport.	Price.	Ocean freight.	Cost at Liverpool.
Karachi, India	$1.27	$0.108	$1.378
Buenos Aires	1.23	.132	1.352
New York	1.295	.054	1.349
1913 AVERAGE.			
Karachi, India	$0.91	$0.12	$1.03
Buenos Aires	1.00	.108	1.108
New York	.97¼	.06	1.03¼
JULY, 1923.			
Karachi, India	$1.08	$0.168	$1.248
Buenos Aires	1.10	.132	1.232
New York	1.22	.042	1.262
AUGUST, 1923.			
Karachi, India	$0.96	$0.15	$1.11
Buenos Aires	1.01	.12	1.13
New York	1.11½	.042	1.157

On November 27, 1923, the Department of Agriculture issued a statement, which was reprinted that day in the Kansas City Times, with regard to freight rates to Liverpool. Examining that, we find that the freight rate from McPherson, Kans., to Galveston, Tex., was 27 cents a bushel, and the rate from Galveston to Liverpool was 8.6 cents, making a total from McPherson to Liverpool of 35.6 cents per bushel. However, the rate from Larimore, N. Dak., to New York was 22.6 cents, and from New York to Liverpool 4.8 cents, a total of 27.4 cents from Larimore, N. Dak., to Liverpool. These figures are deduced from those given by the Secretary of Agriculture. He says:

ARGENTINA WHEAT RATES—SHORT HAULS TO SEAPORTS SAVE TRANSPORTATION COSTS—OCEAN FREIGHTS TO LIVERPOOL ARE HIGHER AND RAIL RATE PER MILE IS MORE THAN IN THE UNITED STATES.

WASHINGTON, November 26.—The ocean freight rate on wheat from Rosario, Argentina, to Liverpool in the period from January 1 to September 30 this year averaged 14.7 cents a bushel, while in the same period the average rate from New York to Liverpool was 4.8 cents a bushel, and from New Orleans 8.6 cents a bushel.

His figures show that it cost 18 cents to reach the seacoast from the Argentinian wheat fields, which added to the ocean rate of 14.7 cents makes 32.7 cents a bushel from the wheat fields of Argentina to Liverpool, while the total from Larimore, N. Dak., to Liverpool was 27.4 cents, 5.3 cents a bushel less than the Argentina rate. In other words, the wheat fields of Larimore, N. Dak., can ship wheat to Liverpool 5.3 cents a bushel cheaper than Rosario, Argentina, or could last year when the Secretary of Agriculture figured it.

In other words, we can deliver wheat to Liverpool and meet Buenos Aires and Argentina on equal terms, and the Indian wheat, whose export is comparatively very small anyway, can generally outsell us a little at Liverpool, though it is a different kind of wheat. In other words, this story about cheap wheat from cheap lands and cheap people is just a greatly exaggerated bugaboo that has been worked to death. Our wheat can compete in Europe all the time with any wheat exported to Europe from anywhere.

THE EUROPEAN CROP.

According to Secretary Wallace on October 6, 1923, the European crop before the war averaged about 1,300,000,000 bushels, outside of Russia. That crop has never since the war at any time equaled their average before the war, and yet the people need just as much wheat as they did then, and, as you will notice, the sales to Europe this year are going on just about as before.

NO OVERPRODUCTION ABROAD.

A speaker the other night at a caucus of Congressmen said that we have 70,000,000 more bushels of wheat from Argentina this year than ever before. He admitted that they cut their wheat in December and January, but he claimed that on February 20 the Argentinians had threshed all their wheat and therefore knew there were 70,000,000 bushels in excess of any former crop. Every farmer knows that the wheat Argentina cut in January was not all threshed by February 20, nor even one-third of it, and yet they undertake to tell the world of an alleged great surplus in Argentina. That is the foundation of the whole alleged surplus of wheat—such tales as that. Every year Broomhall, at Liverpool and London, tells the world of a great surplus of wheat before the wheat is in the bin. Every year, from week to week, the pretense of a surplus dies away. Yet when the farmer brings his first wheat to the market he is always met by those lying tales, and wheat that should bring a fair price is sacrificed.

In Egypt in 1893 a great wheat farmer, Abdul Karim, told me how he amassed a fortune. It appeared that the taxes were all collected in June, at the time of the wheat harvest, and to meet them and his debts the farmer was compelled to sell his wheat for whatever he could up the river. He generally realized, 600 miles up at Luxor, about 50 cents a bushel. Abdul Karim by careful patience managed to get rid of his taxes without selling his wheat, and he sold about Christmas for approximately $1 a bushel and made 100 per cent. Once started, he made much money. They have worked that shell game since Joseph came to Memphis and went into the wheat business. The wheat trade is the oldest international traffic, and every scientific graft possible of invention has been afoot for many centuries. Broomhall is the center and beginning of it all every year, and the Chicago Stock Exchange carries on the deception in this country.

There is no wheat surplus, as shown by my article in the Review of Reviews. On November 22 last Secretary Henry C. Wallace wrote me:

Of course, every bushel of wheat can be sold at some price.

On November 26, 1923, Hon. SYDNEY ANDERSON, chairman of the Joint Commission of Agricultural Inquiry, wrote me:

Our own surplus, in my judgment, is very small; and, indeed, I do not think we have any surplus of good milling wheat.

On November 9, 1923, Mr. ANDERSON said:

The American farmer can sell every bushel of wheat he produces this year or any other year.

On December 14, 1923, the Wall Street Journal wrote me:

The Wall Street Journal has never said that the farmer will not be able to sell all his wheat. He always has been and always will be able to dispose of his wheat.

Of course these gentlemen continue to say that he will not be able to sell it at a sufficiently high price. Well, that depends upon who is the better trader, the buyer or the seller.

These gentlemen establish the primary essential fact that the farmer can always every year sell all his wheat, which he always does and always will do. The reason he can not get a fair price is because these "bunco steerers" tell him there is a great surplus when there is none. They begin each season by heralding abroad that alleged news. The farmer becomes panic-stricken, and they keep the market down. If the people all knew that there is no surplus of wheat anywhere in the world, which is the simple fact, their wheat would bring a reasonable price and they would not stand for it.

If H. R. 78, introduced in this Congress, becomes a law, the Federal Government, when the harvest is over, will stand ready to pay the man the price the Secretary is authorized to pay for wheat, and that competition will necessarily be met by all purchasers, and this will be the price in this country.

To review, the danger of competition from Buenos Aires is not serious. The failure of a European market is pure nonsense. The transportation rates of the world are all in our favor. The Canadian situation has been carefully reviewed in the Review of Reviews article for December. If the bill I introduced had been passed in the Sixty-seventh Congress, the difficulties for American wheat this past summer would have been wholly and entirely disposed of and the country would be at least $150,000,000 richer. Wheat is of such a character and the elevators are of such a nature that the proposition is easily handled for wheat and cotton and such products only. As to surplus of the 781,000,000 bushels produced, 81,000,000 went for seed. That left 700,000,000. At our present rate of export we will export 195,000,000 bushels, leaving 505,000,000 for home consumption. If our 110,000,000 people consume 5 bushels per capita, we use 550,000,000 and will necessarily import 45,000,000 bushels in order to have enough to eat by July 1, 1924. Where is any surplus?

Herewith I insert H. R. 78, a bill to keep a loaded gun behind the door and restore the self-respect of a bushel of wheat:

Be it enacted, etc., That the Secretary of Agriculture is hereby authorized to buy wheat of such grades and quality as he designates, at such times and places as he directs, at not to exceed $1.25 a bushel and at not to exceed the market price at said times and places, except when wheat is being sold there and then at less than $1.10 a bushel, when he may pay $1.10 a bushel for said wheat if he deems best; and an appropriation of $30,000,000 is hereby authorized for the purchase, transportation, storage, and insurance of said wheat.

Whenever the Secretary of Agriculture has accumulated in elevator storage 1,000,000 bushels of wheat or more, Treasury certificate shall be issued to the Secretary of Agriculture at such interest and for such times as the Secretary of the Treasury shall name, but with authority to the Secretary of Agriculture to pay them prior to their expiration if he shall see fit. They shall be issued in such amount as the Secretary of the Treasury shall hold to be properly secured by the wheat then in storage. But whenever the wheat on which these certificates are issued is sold, that money shall be applied to the discharge of that particular indebtedness and to pay off those certain certificates, and this process may continue whenever the Secretary of Agriculture has a million or more bushels of wheat in storage on which no certificates have issued.

The wheat he buys shall be stored in elevators under warehouse receipts. When any 2,000 bushels or more of wheat shall have been held by the Secretary for more than 30 days, thereafter it shall be stored in bonded elevators.

The Secretary of Agriculture may from time to time sell wheat at not less than the market price in Minneapolis; Buffalo; Kansas City, Kans.; Chicago; and New York City, as he shall deem to the best interests of the Nation.

If at any time the Department of Agriculture shall purchase and have on hand for one week 100,000,000 bushels of wheat, or more, the department shall have the sole authority to export wheat without paying an export tax of 50 cents per bushel, which may be levied on all wheat exported by other parties.

Whenever wheat of the aforesaid grades and quality can not be bought in Chicago and New York City for less than $1.85 per bushel, the Secretary of Agriculture shall proceed to sell as much of the wheat he holds in storage as he deems wise, at such prices as shall be considered proper by him, and so continue as in his judgment such sales shall be to the best interests of the Nation.

The $30,000,000 first appropriated, the money derived from the sale of the certificates authorized, and the money derived from the sale of wheat by the Secretary as hereinbefore authorized, or for this fund from any other source, shall constitute a revolving fund for carrying out the provisions of this act. If the sale of any wheat made security for any given certificates shall not be sufficient to take up those certificates, the balance may be discharged from the said revolving fund.

The President of the United States shall appoint, for a term of four years and subject to removal by him, an officer in the Department of Agriculture, to be known as the superintendent of grain and bread, at a salary of $10,000 a year, who shall maintain in Washington an office as his headquarters, employing, subject to the approval of the Secretary of Agriculture, such assistants in said headquarters and such agents for the purchase and sale of wheat as shall be appropriated for. The bonds of all bonded elevators in which wheat shall be stored shall be subject to approval by the superintendent of grain and bread.

Subject to the provisions hereof, the Secretary of Agriculture shall make, subject to the approval of the President of the United States, and shall enforce suitable regulations for the exercise of the powers and the performance of the duties hereby authorized.

ADJOURNMENT TO 11 A. M. TO-MORROW.

Mr. GREEN of Iowa. Mr. Speaker, I ask unanimous consent that when the House adjourns to-night it adjourn to meet at 11 o'clock to-morrow.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

Mr. GARNER of Texas. Reserving the right to object, I tried yesterday afternoon to get an agreement from the gentleman from Iowa that he would not have a vote on the final passage of this bill earlier than Tuesday next.

Mr. GREEN of Iowa. I thought that was so agreed.

Mr. GARNER of Texas. All right, we will make that agreement now, not to vote earlier than next Tuesday.

Mr. GREEN of Iowa. That is satisfactory.

Mr. GARNER of Texas. I want to say that I think in this particular bill the gentleman from Iowa is overworking the House. Many Members believe that the bill under consideration is entitled to considerable thought, and when you meet at 11 o'clock in the morning and do not adjourn until 6 at night it makes a long day.

Mr. GREEN of Iowa. The first hour to-morrow will be used by reading Washington's Farewell Address.

Mr. GARNER of Texas. And we will not start on the consideration of this bill before 12 o'clock?

The SPEAKER. The Chair will suggest that the reading of the Farewell Address will certainly take an hour. Is there objection to the request of the gentleman from Iowa that when the House adjourns to-day it adjourn to meet at 11 a. m. to-morrow?

There was no objection.

DEATH OF REPRESENTATIVE DUPRÉ.

Mr. LAZARO. Mr. Speaker, it is with a feeling of profound sorrow that I rise to announce the death of my friend and colleague, Hon. H. GARLAND DUPRÉ, from the State of Louisiana.

Mr. DUPRÉ possessed the confidence, as well as the affection of all who knew him. I shall not speak further at this time, Mr. Speaker, than to say that at a later date I shall ask that a day be set apart when we may pay tribute to his memory. I offer the following resolution:

House Resolution 187.

Resolved, That the House has heard with profound sorrow of the death of Hon. HENRY GARLAND DUPRÉ, a Representative from the State of Louisiana.

Resolved, That a committee of 12 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The SPEAKER. The question is on agreeing to the resolutions.

The resolutions were agreed to.

The SPEAKER appointed the following committee:

Mr. LAZARO, Mr. ASWELL, Mr. MARTIN, Mr. WILSON of Louisiana, Mr. O'CONNOR of Louisiana, Mr. FAVROT, Mr. SANDLIN, Mr. MCDUFFIE, Mr. DEMPSEY, Mr. FISHER, Mr. LINEBERGER, and Mr. MINAHAN.

The Clerk read the further resolution:

Resolved, That as a further mark of respect this House do now adjourn.

The resolution was agreed to.

ADJOURNMENT.

Accordingly (at 4 o'clock and 53 minutes p. m.) the House adjourned until to-morrow, Friday, February 22, 1924, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

373. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation "To enlarge the Liberty Loan Building, Washington, D. C."; to the Committee on Public Buildings and Grounds.

374. A letter from the Acting Secretary of Commerce, transmitting a statement of the expenditures in the Coast and Geodetic Survey for the fiscal year ended June 30, 1923; to the Committee on Expenditures in the Department of Commerce.

375. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of the Interior for the fiscal year ending June 30, 1924, for making replacement of losses occasioned by fire at the Chilocco Indian School, Chilocco, Okla., $17,000 (H. Doc. No. 203); to the Committee on Appropriations and ordered to be printed.

376. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the War Department for the fiscal year ending June 30, 1924, for completion of the acquisition of land at certain military reservations, amounting in all to $204,350 (H. Doc. No. 204); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. SNYDER: Committee on Indian Affairs. H. R. 5525. A bill for the relief of J. G. Seupelt; without amendment (Rept. No. 219). Referred to the Committee of the Whole House.

Mr. SNYDER: Committee on Indian Affairs. H. R. 6857. A bill to provide for the addition of the names of Chester Calf and Crooked Nose Woman to the final roll of the Cheyenne and Arapahoe Indians, Seger jurisdiction, Oklahoma; without amendment (Rept. No. 220). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on the Judiciary was discharged from the consideration of the bill (H. R. 6486) to amend sections 213 and 215, act of March 4, 1909 (Criminal Code), relating to offenses against the Postal Service, and sections 3929 and 4041, Revised Statutes, relating to the exclusion of fraudulent devices and lottery paraphernalia from the mails, and for other purposes; and the same was referred to the Committee on the Post Office and Post Roads.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CABLE: A bill (H. R. 7178) to amend an act entitled "An act to limit the immigration of aliens into the United States"; to the Committee on Immigration and Naturalization.

By Mr. DYER: A bill (H. R. 7179) to protect the interest of innocent persons in property which is used in the unlawful conveyance of goods or commodities; to the Committee on the Judiciary.

By Mr. FULMER: A bill (H. R. 7180) to enlarge the fish-cultural station at Orangeburg, S. C.; to the Committee on the Merchant Marine and Fisheries.

By Mr. SUTHERLAND: A bill (H. R. 7181) to regulate common carriers by water; to the Committee on Ways and Means.

By Mr. FULMER: A bill (H. R. 7182) to establish the Jackson National Forest, in the State of South Carolina; to the Committee on the Public Lands.

By Mr. GERAN: A bill (H. R. 7183) for the erection of a post-office building at Red Bank, N. J.; to the Committee on Public Buildings and Grounds.

By Mr. HAMMER: A bill (H. R. 7184) to provide for the purchase of a site for a post-office building and the erection of a post-office building thereon in the city of Wadesboro, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7185) to provide for the purchase of a site for a post-office building and the erection of a post-office building thereon in the city of Hamlet, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7186) to provide for the purchase of a site for a post-office building and the erection of a post-office building thereon in the city of Sanford, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7187) to provide for the purchase of a site for a post-office building and the erection of a post-office building thereon in the city of Rockingham, N. C.; to the Committee on Public Buildings and Grounds.

By Mr. BRITTEN: A bill (H. R. 7188) to amend the act of August 29, 1916 (ch. 47, pp. 578 to 579, U. S. Stat. L. 64th Cong., 1915 to 1917, vol. 39, pt. 1); the act of May 22, 1917 (ch. 20, p. 86, U. S. Stat. L. 64th Cong., 1917 to 1919, vol. 40, pt. 1); and the act of July 11, 1919 (ch. 9, p. 39, U. S. Stat. L. 66th Cong., 1919 to 1921, vol. 41, pt. 1), relative to the promotion of officers of the line of the Navy by selection; to the Committee on Naval Affairs.

By Mr. FOSTER: A bill (H. R. 7189) making the possession of a firearm or other deadly weapon while engaged in the unlawful manufacture, transportation, or sale of liquor a felony; to the Committee on the District of Columbia.

By Mr. DYER: A bill (H. R. 7190) to amend the China trade act, 1922; to the Committee on the Judiciary.

Also, joint resolution (H. J. Res. 196) authorizing the President of the United States, under the provisions of the first sentence of section 202 of the transportation act, 1920, to pay just and meritorious claims for loss of and/or damage to freight in transportation arising out of or incident to Federal control, and declaring the intent of section 206(a) of said act in relation to the provision authorizing actions at law against an agent appointed by the President; to the Committee on Interstate and Foreign Commerce.

By Mr. PERLMAN: Joint resolution (H. J. Res. 197) providing that October 12 shall be a legal holiday; to the Committee on the Judiciary.

By Mr. DAVIS of Tennessee: Resolution (H. Res. 186) directing the Speaker of the House of Representatives to appoint a select committee to inquire into the operations, policies, and affairs of the United States Shipping Board and the United States Shipping Board Emergency Fleet Corporation; to the Committee on Rules.

By Mr. BLOOM: Memorial of the Legislature of the State of New York urging Congress to enact legislation providing for an increase of salaries to postal employees; to the Committee on the Post Office and Post Roads.

By Mr. ROBINSON of Iowa: Memorial of the Legislature of the State of Iowa commending President Coolidge in action ordering full and complete investigation of present high price of gasoline; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRAND of Ohio: A bill (H. R. 7191) granting a pension to Frank Nelson; to the Committee on Invalid Pensions.

By Mr. BURTON: A bill (H. R. 7192) granting a pension to Oliver W. Alexander; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7193) to correct the military record of Raymond F. Meier; to the Committee on Naval Affairs.

By Mr. CULLEN: A bill (H. R. 7194) for the relief of Bertram Gardner, collector of internal revenue for the first district of New York; to the Committee on Claims.

By Mr. DYER: A bill (H. R. 7195) for the relief of Ella Kepner; to the Committee on War Claims.

By Mr. FREDERICKS: A bill (H. R. 7196) granting a pension to Frederick Turner; to the Committee on Pensions.

By Mr. GLATFELTER: A bill (H. R. 7197) granting an increase of pension to Mary A. Good; to the Committee on Invalid Pensions.

By Mr. GREENWOOD: A bill (H. R. 7198) granting an increase of pension to Katie Edds; to the Committee on Invalid Pensions.

By Mr. HULL of Iowa: A bill (H. R. 7199) granting a pension to Annie Knappe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7200) granting a pension to Nancy Iowa Ross; to the Committee on Invalid Pensions.

By Mr. KURTZ: A bill (H. R. 7201) granting a pension to Fannie I. Sanderson; to the Committee on Invalid Pensions.

By Mr. LANGLEY: A bill (H. R. 7202) granting an increase of pension to Dury M. Craft; to the Committee on Pensions.

By Mr. McREYNOLDS: A bill (H. R. 7203) to remove the charge of desertion from the military record of William P. Qualls; to the Committee on Military Affairs.

By Mr. MURPHY: A bill (H. R. 7204) granting an increase of pension to Margaret J. Coss; to the Committee on Invalid Pensions.

By Mr. RAINEY: A bill (H. R. 7205) granting an increase of pension to Elizabeth Bridgman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7206) granting a pension to Mary Amonett; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7207) granting an honorable discharge to John Sanders; to the Committee on Military Affairs.

By Mr. SEARS of Nebraska: A bill (H. R. 7208) granting a pension to Samuel F. Shannon; to the Committee on Pensions.

By Mr. STALKER: A bill (H. R. 7209) granting an increase of pension to Frank T. Potter; to the Committee on Pensions.

Also, a bill (H. R. 7210) granting an increase of pension to James P. Shewman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7211) granting a pension to Sarah Q. Green; to the Committee on Invalid Pensions.

By Mr. TILLMAN: A bill (H. R. 7212) granting an increase of pension to Walter Ruark; to the Committee on Pensions.

By Mr. VINCENT of Michigan: A bill (H. R. 7213) granting a pension to Amanda Fuller; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1239. By Mr. ALDRICH: Petition of Hebrew Free Loan Association, of Providence, R. I., protesting against the passage of the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1240. By Mr. BLOOM: Petition of Cayuga Club, of 2043 Seventh Avenue, New York, N. Y., urging that the Edge-Kelly bill be enacted into law; to the Committee on the Post office and Post Roads.

1241. By Mr. BULWINKLE: Petition of 33 ex-service men of Mount Holly, N. C., favoring the passage of the adjusted compensation bill; to the Committee on Ways and Means.

1242. Also, petition of members of Gaston Post, No. 23, American Legion, Gastonia, N. C., favoring passage of the adjusted compensation bill; to the Committee on Ways and Means.

1243. By Mr. CORNING: Petition of the New York State History Teachers' Association, urging that Congress appropriate a sufficient sum of money to restore the castle at Fort Niagara to a condition befitting its historical significance; to the Committee on Appropriations.

1244. By Mr. KVALE: Petition of Granite Falls Post, No. 69, American Legion, Granite Falls, Minn., unanimously indorsing the adjusted compensation bill; to the Committee on Ways and Means.

1245. Also, petition of N. P. Frayseth and other citizens of Milan, Appleton, Dawson, Montevideo, and Ortonville, Minn., urging action by Congress to provide free shooting grounds and game refuges on the plan of the Anthony bill (H. R. 745); to the Committee on Agriculture.

1246. By Mr. McNULTY: Petition of Grande Loggia Dello Stato Di New Jersey, against the Johnson immigration bill (H. R. 101); to the Committee on Immigration and Naturalization.

1247. By Mr. MAGEE of Pennsylvania: Petitions of Union Lodge No. 86, A. O. U. W.; Acacia Club; Knights and Ladies of Security, Almond Council; American Flint Glass Workers, No. 82; Gas and Steam Fitters, No. 449; and the Odonotological Society of Western Pennsylvania; all of Pittsburgh, Pa., urging increased compensation for postal employees; to the Committee on the Post Office and Post Roads.

1248. By Mr. MORROW: Petition of residents of Costilla, N. Mex., in favor of soldiers' adjusted compensation bill; to the Committee on Ways and Means.

1249. Also, petition of ex-service men organizations committee, United States Public Hospital No. 55, Fort Bayard, N. Mex., protesting against the enactment of section 10 of recommendation of the preliminary report of the select committee of the Senate appointed to investigate the Veteran's Bureau; to the Committee on World War Veterans' Legislation.

1250. By Mr. O'CONNELL of Rhode Island: Petition of members of the Hebrew Free Loan Association, of Providence, R. I., opposing the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1251. By Mr. O'CONNELL of New York: Petition of the National Committee for Constructive Immigration Legislation of New York, opposing the passage of the Johnson immigration bill (H. R. 6540); to the Committee on Immigration and Naturalization.

1252. By Mr. O'SULLIVAN: Petition of the Avoda Club (Inc.), of Hartford, Conn., in opposition to the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1253. Also, petition of the Lodge Fiume and Gloria of Italy, Sons and Daughters of Italy, No. 985, and the Christoforo Colombo Society, of Naugatuck, Conn., in opposition to the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1254. By Mr. RAKER: Petition of residents in California, 85 letters indorsing the adjusted compensation bill; to the Committee on Ways and Means.

1255. Also, petition of Evangeline C. Hursen, 109 North Kostner Avenue, Chicago, Ill., in re Muscle Shoals project; to the Committee on Military Affairs.

1256. Also, petition of San Bernardino Chamber of Commerce, California, in re transportation act of 1920; San Pedro Chamber of Commerce, California, in re transportation act of 1920; and Santa Ana Chamber of Commerce, California, in re transportation act of 1920; to the Committee on Interstate and Foreign Commerce.

1257. Also, petition of Laundry Owners National Association, La Salle, Ill., in re repeal of war tax on telegraph messages, and Fred L. Hilmer Co., San Francisco, Calif., in re tax reduction plan; to the Committee on Ways and Means.

1258. Also, petition of United National Association of Post Office Clerks, in re readjustment of post-office employees' salaries and revision of retirement law; to the Committee on the Post Office and Post Roads.

1259. Also, petition of the Farmers' & Merchants' National Bank, Los Angeles, Calif., in re House bill 3206, amendment to the Federal reserve act; to the Committee on Banking and Currency.

1260. Also, petition of National Association of Cost Accountants, in re revision of the Federal laws relative to compilation, etc., of trade information; to the Committee on Revision of the Laws.

1261. Also, petition of Sutter County Chamber of Commerce, California, in re transportation act of 1920; to the Committee on Interstate and Foreign Commerce.

1262. Also, petition of Shasta Water Co., San Francisco, Calif., in re elimination of tax on soft drinks; Italian-Swiss Colony, San Francisco, Calif., in re adjusted compensation measure; and California Metal & Mineral Producers' Association, San Francisco, Calif., indorsing Mellon tax plan; to the Committee on Ways and Means.

1263. Also, petition of H. N. Cook Belting Co., San Francisco, Calif., in re tax reductions; Seller Bros. & Co., San Francisco, Calif., in re tax reductions; the Elkus Co., San Francisco, Calif., in re tax reductions; Warehousemen's Association of the Port of San Francisco, Calif., in re tax reductions; Wm. Marriott Canby, Philadelphia, Pa., in re tax reductions; J. J. Jacobs Motor Co., San Francisco, Calif., in re tax reductions; Schmidt Lithograph Co., San Francisco, Calif., in re tax reductions; and Vallejo Chamber of Commerce, Vallejo, Calif., in re tax reductions; to the Committee on Ways and Means.

1264. Also, petition of R. H. Russell, Auburn, Calif., in re tax on alcohol; to the Committee on Ways and Means.

1265. Also, petition of the Torrance Chamber of Commerce, Torrance, Calif., in re transportation act of 1920; the Western Fruit Jobbers' Association of America, Chicago, Ill., in re transportation act of 1920; Dried Fruit Association of California, San Francisco, Calif., in re transportation act of 1920; and Fifty-sixth Fruit Growers and Farmers' Convention, Santa Ana, Calif., in re transportation act of 1920; to the Committee on Interstate and Foreign Commerce.

1266. Also, 25 resolutions and letters, etc., from chambers of commerce in California, in re transportation act of 1920; to the Committee on Interstate and Foreign Commerce.

1267. Also, petitions of Chamber of Commerce of the State of New York, in re uniform laws regulating sales and contracts to sell in interstate and foreign commerce; and Chamber of Commerce of the State of New York, in re reduction of passport fees; to the Committee on Interstate and Foreign Commerce.

1268. Also, petition of Chamber of Commerce of the State of New York, in re relief for disabled Army officers in the late World War; to the Committee on Military Affairs.

1269. Also, petition of Chamber of Commerce of the State of New York, in re single executive for United States Shipping Board; to the Committee on the Merchant Marine and Fisheries.

1270. Also, petition of Chamber of Commerce of the State of New York, in re Government purchase of Cape Cod Canal; to the Committee on Rivers and Harbors.

1271. By Mr. ROBINSON of Iowa: Petition of employees of Chicago, Rock Island & Pacific Railroad, Cedar Falls, Iowa, favoring continuation of present transportation act without amendment or repeal; to the Committee on Interstate and Foreign Commerce.

1272. Also, petition of citizens of Winthrop, Iowa, favoring strict enforcement of the eighteenth amendment; to the Committee on the Judiciary.

1273. By Mr. SINCLAIR: Petition of ex-service men of Flaxton, N. Dak., for adjusted compensation; to the Committee on Ways and Means.

1274. Also, petition of rural-mail carriers of Max, Wilton, Coal Harbor, Benedict, Baldwin, Turtle Lake, Garrison, and Dogden, N. Dak., in favor of increased equipment allowance; to the Committee on the Post Office and Post Roads.

1275. Also, petition of 200 residents of Wildrose, Rhame, Powers Lake, Westhope, and Starkweather, N. Dak., urging the enactment of the Norris-Sinclair marketing bill; to the Committee on Agriculture.

1276. Also, petitions of 58 residents of Sherwood and Antler, N. Dak.; 37 residents of Bowbells and Lignite, N. Dak.; and 6 residents of Dazey, N. Dak., in favor of the Norris-Sinclair marketing bill; to the Committee on Agriculture.

1277. Also, petition of Red River Valley Livestock Association, Crookston, Minn.; also Bergen Community Farmers' Club, Pekin, N. Dak., indorsing the McNary-Haugen and Norbeck-Burtness bills; to the Committee on Agriculture.

1278. Also, petition of Ludwig Jacobson and 17 others, of Rocklake, N. Dak., favoring the Norbeck-Burtness and Norris-Sinclair bills for the relief of agriculture; to the Committee on Agriculture.

1279. Also, petitions of 89 residents of Washburn, Kenmare, and Larson, N. Dak., urging the speedy enactment of the Norris-Sinclair marketing bill; to the Committee on Agriculture.

1280. By Mr. TAGUE: Petition of the grain board of the Boston Chamber of Commerce, opposing House bill 742, by Mr. JOHNSON of Washington; to the Committee on Interstate and Foreign Commerce.

1281. Also, petition of Hon. Benjamin Loring Young, speaker of the Massachusetts House of Representatives, with inclosure, in opposition to the equal rights bill; to the Committee on the Judiciary.

1282. By Mr. THOMPSON: Petition of several citizens of Henry County, Ohio, asking for the removal of the double tax on industrial alcohol; to the Committee on Ways and Means.

1283. By Mr. TINKHAM: Petition of Today's Club, urging favorable action on equal rights amendments; to the Committee on the Judiciary.

1284. By Mr. WELSH: Memorial of the Philadelphia Board of Trade, protesting against the passage of House bill 5635; to the Committee on Rivers and Harbors.

SENATE.

FRIDAY, *February 22, 1924.*

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

O God, the God of our fathers, who in the years gone by was their refuge and strength, we come to-day before Thee with thanksgiving, rejoicing in the records that have been made by those of the past in connection with truth and duty. We bless Thee for him immortalized in the memory of the people at large, rejoicing in what he has been in the history of this country, for his heroism, for his consecration, yea, too, for his appeal unto Thee in the Nation's great crisis, then an infant of possibilities. We pray Thee, our Father, that this land, holding as a treasure the memory of our first President, may be truly encouraged and deeply devoted to those interests which were dear unto him and which have been perpetuated along the pathway of duty.

The Lord grant a blessing always, keeping us from all the entanglements of life that would prejudice us in Thine eyes as well as in the great commonwealth of nations. Deliver us, we beseech Thee, from all forces that would prostitute our institutions, and help us always to feel that liberty to do right, liberty to honor Thy name, and to walk wherever Thou dost lead us are the highest possibilities for us. The Lord our God be with us. Save us from all unhallowed influences, and may the Nation go forward, so that righteousness shall be exalted and Thy glory be manifest. We ask in Jesus Christ's name. Amen.

On request of Mr. LODGE and by unanimous consent, the reading of the Journal of the legislative day of Saturday, February 16, 1924, was dispensed with and the Journal was approved.

READING OF WASHINGTON'S FAREWELL ADDRESS.

The PRESIDENT pro tempore. Under the standing order of the Senate and the appointment made by the Chair, the Senator from Ohio [Mr. WILLIS] will now read Washington's Farewell Address.

Mr. WILLIS (at the Secretary's desk) read the address, as follows:

To the people of the United States:

FRIENDS AND FELLOW CITIZENS: The period for a new election of a citizen to administer the executive government of the United States being not far distant, and the time actually arrived when your thoughts must be employed in designating the person who is to be clothed with that important trust, it appears to be proper, especially as it may conduce to a more distinct expression of the public voice, that I should now apprise you of the resolution I have formed, to decline being considered among the number of those out of whom a choice is to be made.

I beg you, at the same time, to do me the justice to be assured that this resolution has not been taken without a strict regard to all the considerations appertaining to the relation which binds a dutiful citizen to his country; and that, in withdrawing the tender of service which silence in my situation might imply, I am influenced by no diminution of zeal for your future interest; no deficiency of grateful respect for your past kindness; but am supported by a full conviction that the step is compatible with both.

The acceptance of, and continuance hitherto in the office to which your suffrages have twice called me, have been a uniform sacrifice of inclination to the opinion of duty, and to a deference for what appeared to be your desire. I constantly hoped that it would have been much earlier in my power, consistently with motives which I was not at liberty to disregard, to return to that retirement from which I had been reluctantly drawn. The strength of my inclination to do this previous to the last election had even led to the preparation of an address to declare it to you; but mature reflection on the then perplexed and critical posture of our affairs with foreign nations and the unanimous advice of persons entitled to my confidence, impelled me to abandon the idea.

I rejoice that the state of your concerns, external as well as internal, no longer renders the pursuit of inclination incompatible with the sentiment of duty or propriety; and am persuaded whatever partiality may be retained for my services, that in the present circumstances of our country you will not disapprove my determination to retire.

The impressions with which I first undertook the arduous trust were explained on the proper occasion. In the discharge of this trust I will only say that I have, with good intentions, contributed towards the organization and administration of the government, the best exertions of which a very fallible judgment was capable. Not unconscious in the outset of the inferiority of my qualifications, experience, in my own eyes, perhaps still more in the eyes of others, has strengthened the motives to diffidence of myself; and, every day the increasing weight of years admonishes me more and more that the shade of retirement is as necessary to me as it will be welcome. Satisfied that if any circumstances have given peculiar value to my services they were temporary, I have the consolation to believe that, while choice and prudence invite me to quit the political scene, patriotism does not forbid it.

In looking forward to the moment which is to terminate the career of my political life, my feelings do not permit me to suspend the deep acknowledgment of that debt of gratitude which I owe to my beloved country, for the many honors it has conferred upon me; still more for the steadfast confidence with which it has supported me; and for the opportunities I have thence enjoyed of manifesting my inviolable attachment, by services faithful and persevering; though in usefulness unequal to my zeal. If benefits have resulted to our country from these services, let it always be remembered to your praise, and as an instructive example in our annals, that under circumstances in which the passions, agitated in every direction, were liable to mislead amidst appearances sometimes dubious, vicissitudes of fortune often discouraging—in situations in which not unfre-